The Effects of Advertising on Consumer Buying Behavior with Special Reference to FMCG Industry

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Abstract

Purpose: This research is being carried out to fully understand the impact of advertising on the buying behavior of FMCG (Fast-Moving Consumer Goods) customers, as well as the factors that influence the consumer's behavior. A total of 213 respondents largely belongs to Gen Z were surveyed for this study, the majority of them were residents of Bhopal, Madhya Pradesh, India. This research will provide inputs to marketing companies about the consumer purchasing behavior which will help them to place their product on the most appropriate platform in an efficient manner that will influence their target customers. **Design/ Methodology/Approach:** This study used an exploratory descriptive research methodology to explore the relationship between the advertisement and consumer buying behavior. Structured questionnaires were used to collect data for the study. An online survey was used to collect data from individuals above the age of 12. G* Power was used to calculate the needed sample size for the research. To examine the study's structural model, Smart PLS software with SEM was employed. **Findings**: Findings of the study reveals that social media and Television are the two most popular types of advertising platforms. Brand Ambassadors, Sports Personalities, Attractiveness of the product, Tag lines, Jingles followed by the price were the factor which influences the buying behavior of consumers. **Practical Implication:** The findings of the study suggested, social media and television are the two most popular media. Actors and sports personalities influence the consumers most; these factors should be considered while creating advertisements for FMCG products. **Original Value:** This research would assist the FMCG industry and advertising agencies to understand the consumer likes and dislikes and the impact of advertisement on it. It will help them in designing the advertisements effectively which will help in the better product   promotion.

Keywords: *Advertisements, Consumer Buying Behavior, FMCG Products.*

Introduction

Change is the only constant. Dr. John Pemberton, at Jacobs' Pharmacy in downtown Atlanta, sold the first glass of Coca-Cola on May 8, 1886. Haridas, R. P. (2018)

Till then, we had seen billions of commercials in a wide range of styles. This beverage is still quite popular, owing to its taste, but it is also constantly battling against its market competitors

Till then, we had seen billions of commercials in a wide range of styles. This beverage is still quite popular, owing to its taste, but it is also constantly battling against its market competitors. Due to the obvious increased competition, a product's ability to stand out is even more important. Generation Z consumers are well-versed in technology and have grown up with knowledge at their fingertips. Anjum, A., Thomas, M. R., & Prakash, P. K. (2020). To become the first choice of customers, it is critical to

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get to know the consumer well, to excite and create a pleasant environment in a creative and unique way.

Sellers must make it known to the world that their product or service is required. That is precisely the purpose of advertising. Advertising is a form of mass communication. With advertisement, people get to know about all the products and services which are available on the market. Advertisement is essential for both businesses and customers. It assists a business in earning profits by increasing awareness of its products and services and helps consumers in making decisions about which product and services to purchase. The identification role of ads, that is, recognizing a product and separating it from others, is a significant one. Cooper, R. G., & Kleinschmidt, E. J. (1987). Advertising conveys details about the product, its features, and bridges the gap between the consumer and the product.

The evaluation of consumers and how they act when choosing to purchase a product that meets their needs is referred to as consumer buying behavior. Ramya, N. A. S. A. M., & Ali, S. M. (2016) It's an analysis of what triggered people to purchase and use those products. The study of consumer buying behavior is crucial for advertisers because it informs them about the consumer's expectations. It is important to determine the types of goods that customers want before releasing them onto the market. Marketers should learn about their customers' preferences (likes and dislikes) and tailor their marketing strategies accordingly. Consumer's buying behavior research looks at things like what, why and how much consumers makes the purchases, among other things.

Fast-Moving Consumer Goods (FMCG), also known as Consumer-Packaged Goods (CPG), are products that are in high demand, sold quickly, and are reasonably priced. Abraham, M. (2019). These items are considered "Fast-Moving" because they are quick to leave the shelves of a store or supermarket because consumers use them on a regular basis. FMCG products account for a significant portion of every household's monthly budget. The amount of money flowing through the economy as a result of FMCG products is significantly large, owing to the large number of people who buy such products. The Indian FMCG industry began to take shape over the last 50 years. The FMCG sector is the backbone of the Indian economy, touching every aspect of human life. This sector is critical to the Indian economy. Because of low entry levels, a well-established distribution network, low operating costs, and lower per capita consumption, this sector is becoming increasingly profitable but the presence of multinational corporations, domestic corporations, and an unorganized sector, the industry is also extremely competitive.

Understanding consumer behavior is critical for a company's current products as well as new product. Every customer has a unique thought process and attitude when it comes to purchasing a product. There is a high risk of product failure if a company fails to understand a consumer's expectations towards a product. Consumer behavior changes as a result of changing fashion, technology, trends, lifestyle, disposable income, and other similar factors. Han, J. (2021, June). A marketer must understand the changing factors for right marketing strategies. The ability of a company to identify and satisfy unfulfilled consumer needs better and sooner than their competitors is critical for its survival, profitability, and growth in a highly competitive marketing environment. Thus, consumer behavior aids in the achievement of marketing objectives.

The FMCG industry is the fourth largest sector in Indian economy. Haque, S. I., & Afzal, A. (2017). Almost everyone uses FMCG products every day. It is imperative to understand the buying behavior of consumers for a marketer. This study will help the marketer to get a better understanding of how the buying behavior of consumers is affected by the advertisements which can help them to modify their marketing efforts to beat the competition.

Importance and Rationale of the Study

The purpose of this study is to see how advertisements affects the FMCG customers' buying behavior. There is a scarcity of research that examines the influence of advertising on FMCG consumers in a thorough and scientific manner. This study unveils the variety of consumer's preferences, as well as offer recommendations to advertising agencies for improved product promotions.

Research Hypothesis

H_1- There is no significant causal relationship between Advertisement and Consumer's Buying Behavior.

Literature Review

Advertisement aids a company in creating awareness among its clients and shapes the customers' perceptions, either positively or negatively. People can judge the quality of a product by collecting information, which they typically obtain from ads. The consumer's buying behavior is influenced by their perception of quality, product awareness, and consumer opinion. (Samar Fatima, n.d.). In a nutshell,

attractiveness of advertisements and the success of a product is positively linked. Values, Perceptions, and Information of consumers plays a crucial role during the purchase of the product (RAHMAN, 2012).The majority of customers are delighted with FMCG product ads on television. Consumer behavior is influenced by a variety of factors, but women are more likely to be influenced by personal and social factors (Sonkusare, 2013)(Ali, B. J. 2021). Advertisement has strong positive impact on the consumer buying behavior and consumer perception has positive but weak influence on consumer buying behavior. Quality advertisement and positive perception can really play a vital role in improving consumer buying behavior (Muhammad Ehsan Malik, 2013).FMCG goods account for a significant portion of monthly spending. There are number of variables that influence people's purchasing decisions in India's unregulated markets. Factors like value, confidence, and product features are critical for low-income or price-conscious consumers, Promotions and Deals have a huge effect on the lower middle-class consumers who buy generic items, rather than the branded products to satisfy their needs which is limited due to the lack of funds. (Srivastava, n.d.). Television radio, newspapers, magazines and the Internet advertisements magazines and newspapers effective media in influencing purchasing behavior of consumers. (Sama, R. 2019). It should also note that there is no relationship between age of the respondents and level of impact of advertisement and income and satisfaction with advertised product at the time of using. (Sunderaraj, R. 2018). So, it is evident that a significant association exists between celebrity supporters/neutral/opposers with respect to age, gender, occupation and income level, except in case of education and location. Consumers also find celebrity endorsements more attractive and influential as compared to non-celebrity endorsements. Celebrity attributes do impact the purchase intention of consumers. (Gauns, et. al., 2018). Also, Marketers should develop novel

advertising strategies for rural markets that can convey messages to villagers in a simple and understandable manner considering the level of education and understanding. (Md. Abbas Ali, 2012). Marketers should be mindful in the case of rural marketing; they should use more personalized and low-cost approach. Companies should inform their retailers in rural areas about current marketing practices in order to boost their success in rural areas. (Mor, 2013). The internet is becoming more extensively utilized, with several social media platforms allowing businesses to get closer to their customers. (Bakshi, G et. al ,2013)

Conceptual Framework

To study the impact of advertisement on buying behavior of consumers of FMCG industry, this research used quantitative technique. The study was conducted with respondents located mostly in Bhopal. The data was obtained via a questionnaire using a non-probability convenient sampling technique. Data was gathered through the use of a Google Form that was circulated online. Population for this study consists of all the people above 12 years who are exposed to some kind of advertisement of FMCG. The questionnaire contained a demographic section and a subjective section. A total of 213 people responded to the survey. G* Power 3.1.9.2. software was used to assess the sample size's sufficiency. The G*Power program calculates the sample size needed for the investigation based on the number of predictors, the desired effect size, and the probability error. The program assessed the sample size for the study to be 89 with one predictor, therefore the sample size for the study is considered acceptable for further analysis. Partial Least Square Structural Equation Modeling was investigated using SmartPLS tools. Since the software allows for extreme flexibility, especially when the model is complex, it was given careful consideration for this research project**.**
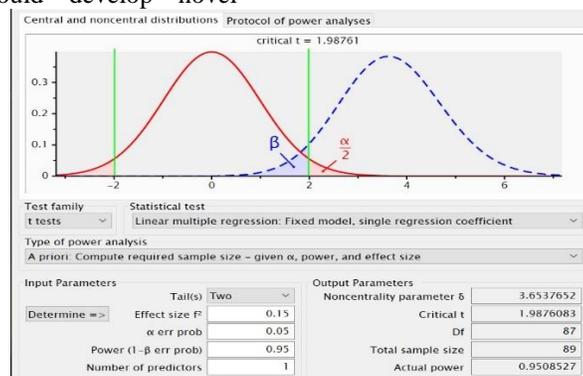

Figure 1: G* Power Analysis

Source: Authors own work.

Table 1: Summary Analysis of the Demographic Features Using Frequency and Percentage

PROFILE VARIABLE	PARTICULARS	NO. OF RESPONDENTS	%
GENDER	Male	103	48.4%
	Female	110	51.6%
AGE	12-18	14	6.6%
	18-25	157	73.7%
	25-35	26	12.2%
	35-50	14	6.6%
	Above 50	2	0.9%
Occupation	Business	6	2.8%
	Homemaker	6	2.8%
	Service	37	17.4%
	Student	164	77%
Monthly income	Nil	166	77.93%
	Below 20k	9	4.23%
	20k-40k	10	4.69%
	40k-60k	14	6.57%
	Above 60k	14	6.57%

Source: Primary Data

To analyze the impact of advertisement on buying behavior of consumers of FMCG product data was collected through a questionnaire. Out of the total of 213 respondents, 110 (51.6%) are male. Female respondents account for 103 (48.4%) of the total 213 respondents. The majority of the respondents are between the age of 18-25 accounting for 157(73.7%). The 25–35-year-old age group comes in second with 26 (12.2%) people. Respondent with the age group 12-18 and 35-50 have same number of respondents that is 14(6.6%) respectively. The smallest group is of age group above 50 with 2 (0.9%). The majority of respondents 164 people (77%) are students. There are 37 people (17.4%) who are from service class among 213 sample size. The homemaker and business class group consist of same amount of sample size that is 6 (2.8%). The majority of respondent's monthly income is Nil with 166 (77.9%). The respondents with monthly income between 40K-60K and 20K-40K are 14 (6.6%) and 10 (4.7%) respectively. The least number of respondents earn below 20K with 9 (4.2%). There are 14 (6.6%) number of people earning above 60K per month.

Confirmatory Composite Analysis

In order to examine the connection in terms of linear compounds, Confirmatory Composite Analysis was used in this study. As part of convergent validation, the measurement model was evaluated using Composite Reliability (CR) and Average Variance Extracted (AVE). Furthermore, Composite Dependability (CR) is thought to be superior to Cronbach's Alpha for determining reliability since it is less biased. The necessary minimum threshold for CR is 0.70. In comparison to the incorporated errors, Average Variation Extracted will be useful in assessing the variance perceived by a construct. The AVE must meet a minimum requirement of 0.50, while values above 0.70 are considered excellent.

Table 2: Results of Confirmatory Composite Analysis, Average Variance Extracted and Construct Reliability

Constructs and Variable	Factor Loading	Composite Reliability	Average Variance Extracted
Advertisement			
AD2	0.703		
AD3	0.711		
AD4	0.772	0.891	0.538
AD5	0.745		
AD6	0.702		
AD7	0.766		
AD8	0.734		
Consumer Buying Behavior			
CBB1	0.787	0.848	0.582
CBB2	0.718		
CBB3	0.771		
CBB4	0.773		

Source: Authors own work.

All of the constructs are reliable, consistent, and match the measurement model, according to the results of the Confirmatory Composite Analysis (Table 2). The variance apprehended by a construct in contrast to the incorporated errors was found to exceed the minimum necessary threshold of 0.50 in AVE analysis, demonstrating the fact that variance apprehended by a construct in comparison to the incorporated errors. Composite Reliability (CR) was also higher than the 0.70 threshold, indicating that all constructs are theoretically linked.

Discriminant Validity

Fornell-Larcker Criterion (1981) was applied to investigate discriminant validity. Fornell-Larcker Criterion helps to evaluate the degree of shared variance that exists between the latent variables.

The square root of the average variance extracted (AVE) was larger than the square root of all crossing construct correlation values in the table, suggesting that the study is suitable for final analysis

Table 3: Discriminant Validity

	Advertisement	Consumer Buying Behavior
Advertisement	**0.734**	
Consumer Buying Behavior	**0.406**	**0.763**

Source: Authors own work.

Heterotrait-Monotrait Ratio (HTMT)

A new approach in addition to the usual technique of determining discriminant validity, the Heterotrait-

Monotrait Ratio (HTMT) is used in this study to establish discriminant validity. In PLS-SEM, HTMT is particularly useful as a building component for model evaluation.

Table 4: Heterotrait-Monotrait Ratio

	Advertisement	Consumer Buying Behavior
Advertisement		
Consumer Buying Behavior	**0.481**	

Source: Authors own work.

Structural Model Assessment

The connection between the constructs and their prognostic relevance was established using the Structural Equation Model. With 5000 bootstraps, the

procedure was repeated without altering the sign. This procedure aided in the determination of p-values for the study's formulated hypotheses.
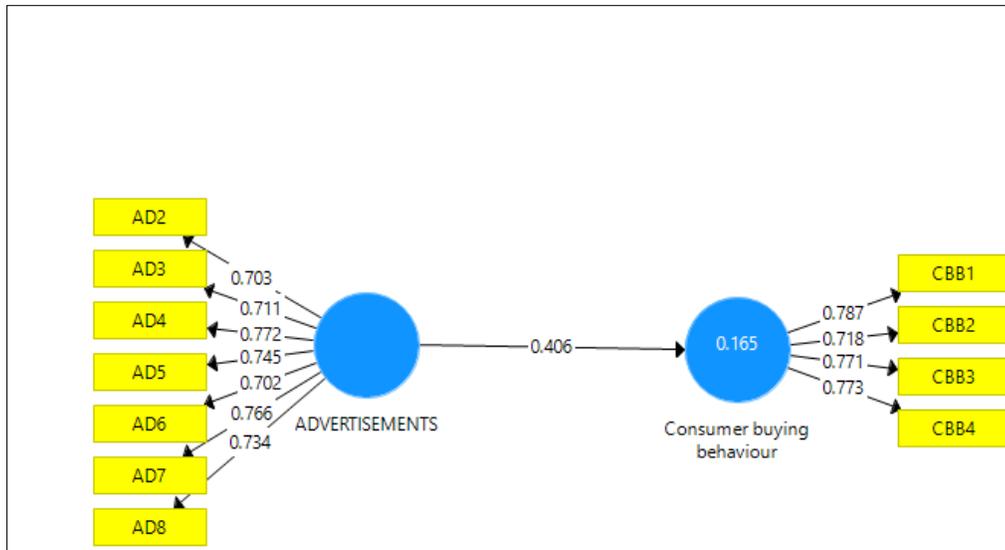
Figure 2: Measurement Model

Table-5 Model Fit Summary

	Saturated Model	**Estimated Model**
SRMR	**0.080**	**0.080**
d_ULS	**0.419**	**0.419**
d_G	**0.121**	**0.121**
Chi-Square	**150.524**	**150.524**
NFI	**0.823**	**0.823**

Source: Authors own work.

A more thorough examination of model fit was also carried out. Calculations for model fit are shown in Table 5. SRMR is an acronym for Standardized Root Mean Square Residual. A good match is defined as a value of less than 0.10. (1999, Hu and Bentler). The SRMR is 0.080 in Table 5, indicating that it is a model fit. Hair et al. (2010) define model fit as being less than 0.90. (Hair et al., 2010). NFI is 0.823 in Table 5, indicating that the model is fit.

Hypothesis Testing

Hypothesis Statements: H_1 – There is no significant causal relationship between Advertisement and Buying Behavior of Consumers. As illustrated in the given below table, P-value<0.05 and the t-value>1.96, indicating that the null hypothesis is rejected. Which means that there is a significant relationship between advertisement and consumer's buying behavior

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Table 6: Mean, STDEV, T-Value, P-Values

Hypothesis	**Original Sample (O)**	**Sample Mean (M)**	**Standard Deviation (STDEV)**	**T Statistics (|O/STDEV|)**	**P Values**
H1: There is no significant causal relationship between Advertisement and Consumer's Buying Behaviour	0.406	0.421	0.056	7.234	**0.000**

Source: Authors own work.

Conclusion

According to the findings of this research, advertisements have a significant impact on buying behavior of consumers. It was found that social media and television are the two most popular media which gets most of the attention. Furthermore, it was discovered that majority of the consumers were influenced by Actors the most, followed by the Sports Personalities. Attractiveness of the product is another factor which influences the purchasing decision. Taglines, Picturization and Songs of an advertisement plays an important role in making people remember an advertisement. Majority of the consumers does not believe in the claims made in advertisements but here tastes preference income status is playing the active role which even knowing that the claims may not be appropriate is raising the demand of the product. To conclude, it can be said that if advertisements are designed in a proper manner, keeping in mind the factors which influences the customers most, can guarantee the success of a product.

Recommendation

Advertisements should be designed as per the buying behavior and habits of the target audience. Social media has a great influence on consumers these days, it can be used effectively for better results. Advertisements should be realistic and personalities like actors, sport persons or professionals can be used to have a greater impact. Brand ambassador and tagline gets the attention of consumers and make them remember the product, so this can be used for marketing the product more effectively.

Limitation and Further Study

The study is focused on analyzing the impact of advertisement on buying behavior of consumers of FMCG industry only. This research could have used a more diverse set of variables to investigate the same topic from a different angle. It was not possible to collect an equal number of samples from each age group. The sample size of the study is limited to 213 and the responses were collected mainly from the residents of Bhopal, so the results may differ in other parts of the country owing to variation in lifestyle and regional differences. The study ignored a larger portion of society, such as people who are only partially educated. Data collection for the study was done with the help of Google Forms made in English language which takes into consideration the literates and those who are comfortable with English Language.

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