Analytical study of Emerging models of Predictive measurement of Advertising Effectiveness for Consumer Durables in India

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ABSTRACT

Advertising is a vital aspect of any marketing campaign, and its effectiveness plays a critical role in influencing consumer choice and action. Advertising is designed to influence consumer behaviour in several ways. First, advertising creates awareness of a product or service, which increases consumer knowledge of a brand. Second, advertising builds brand loyalty by creating a positive perception of a brand in the minds of consumers. Third, advertising encourages consumer action, such as making a purchase or visiting a website. This study explores how advertising affects consumer behaviour, the different parameters of advertising, and the best practices for creating effective advertising campaigns that drive consumer engagement and behavioural pivot. This study examines how advertising influences consumer behaviour and the various advertising techniques used to persuade consumers to purchase products or services. Creating effective advertising campaigns involves several best practices. First, advertising should be targeted to the intended audience. This includes understanding the needs, wants, and preferences of the target audience. Second, advertising should be memorable and creative. This includes using catchy slogans, memorable visuals, and engaging storytelling. Third, advertising should be consistent with the brand's overall message and values. Advertising is a critical component of any marketing campaign, and its effectiveness plays a crucial role in influencing consumer choice and action. Understanding how advertising affects consumer behaviour and using best practices to create effective advertising campaigns can help businesses increase consumer engagement, drive sales, and achieve long-term success.

Keywords:

Advertising Effectiveness, Cognition, Affection, Behavioural Change, Explaining Benefits, Repeated Campaign, Innovative Ad Contents, Addressing Reality, Targeting Audience.

1. INTRODUCTION

The consumer durable market in India is a vital sector that covers a wide range of products used for an extended period by consumers, such as electronics, home appliances, furniture, and automobiles. It is a rapidly evolving market, thanks to the growth of the Indian economy, rising disposable incomes, and the increase in urbanization. The size of the consumer durable market in India has grown significantly over the years, and as of 2021, it is estimated to be worth USD 68.8 billion. This market is projected to grow at a CAGR of 10.4% during the period of 2021-2026, reaching a value of USD 110.9 billion by 2026.

One of the key drivers of the growth of the consumer durable market in India is the increasing disposable incomes of the Indian population. In 2020, India's per capita income was estimated to be USD 1,877, which is a significant increase from the USD 1,293 in 2015. With the growth of the middle class in India, the demand for consumer durables has also increased, as people aspire to own better quality and higher-end products.

Another factor contributing to the growth of the consumer durable market in India is the increasing urbanization rate. As of 2020, the urban population in India stood at around 467 million, which is expected to increase to around 875 million by 2050. With the rise in urbanization, people are becoming more aware of the latest trends and technologies in the consumer durable market, and are willing to invest in such products.

The consumer durable market in India is characterized by several trends, such as the shift towards energy-efficient and eco-friendly products. As per industry reports, the Indian consumer durable market is expected to grow at a CAGR of 10-12% over the next five years, driven by the increased focus on product innovation and the adoption of new technologies. The demand for smart appliances, IoT-enabled devices, and other advanced products is also on the rise in India.

However, the consumer durable market in India also faces several challenges, such as intense competition from both domestic and international players. This competition has led to price wars and reduced profit margins for many companies. Another challenge is the lack of proper infrastructure and logistics, which makes it difficult for companies to deliver products to remote and rural areas.

The consumer durable market in India is a significant sector that has seen tremendous growth in recent years, driven by rising disposable incomes and urbanization rates. With the increasing demand for new and innovative products, the market is expected to continue growing in the coming years. However, the sector also faces challenges that need to be addressed, such as intense competition, infrastructure and logistics issues, and government regulations. Despite these challenges, the consumer durable market in India presents numerous opportunities for companies that can innovate and adapt to changing consumer preferences and market trends.

The Lavidge and Steiner Model:

One of the emerging models of Traditional and Interactive Advertising strategy is the Lavidge and Steiner Model. This model is a behavioural theory of advertising that explains how consumers move through a series of stages before making a purchase. The model was developed in the 1960s by Philip Kotler, a renowned marketing scholar, and his colleague Robert Lavidge.

The Lavidge and Steiner model consists of six stages, which are as follows:

1) Awareness

In the first stage, consumers become aware of a product or service through advertising or other forms of communication. This stage is critical because consumers cannot make a purchase if they are not aware of the product or service.

2)Knowledge

Once consumers are aware of the product or service, they seek out more information to learn about its features, benefits, and potential drawbacks. This stage is important because it helps consumers determine whether the product or service is a good fit for their needs.

3) Liking

After consumers have gathered enough information about the product or service, they begin to form an opinion about it. They may like or dislike the product based on factors such as its quality, design, or value proposition.

4) Preference

In this stage, consumers start to develop a preference for the product or service over competing alternatives. They may compare the product to similar options and determine that it is the best choice for their needs.

5) Conviction

Once consumers have developed a preference for the product or service, they become convinced that it is the best option. This stage is critical because it leads to the final stage of the model.

6) Purchase

In the final stage, consumers make a purchase decision and acquire the product or service. This is the ultimate goal of advertising, and it can only be achieved if the previous stages have been successfully navigated.

2. REVIEW OF LITERATURE

Pelsmacker et al 2002 highlighted that Advertising can create awareness of a product among potential customers. By using various media channels such as TV, radio, newspapers, and social media, businesses can reach a large audience and promote their products. A TV commercial for a new refrigerator can make people aware of the product's features and benefits, and prompt them to consider purchasing it. Advertising is the most trusted source of information for consumers when making purchase decisions.

Malhotra, 2005 noted that Advertising influences consumers' perceptions of a product. By using persuasive language and appealing visuals, businesses can create a positive image of their products in the minds of consumers. An ad for a luxury car may create the perception that the car is high-quality, stylish, and prestigious, which may appeal to consumers who want to project a certain image. Advertising motivates consumers to purchase a product by using calls to action. Businesses can create a sense of urgency and prompt consumers to take action. For example, an ad for a discount on a new washing machine may motivate someone who has been considering purchasing one to finally make the purchase.

Jain et al 2004 stated that Advertising can help businesses in the consumer durable products industry is by differentiating their products from competitors'. By highlighting unique

features and benefits, businesses can make their products stand out and appeal to specific target audiences. For example, an ad for a new smart refrigerator may focus on its energy efficiency, convenience, and connectivity features to appeal to tech-savvy consumers. Consumers respond positively to product differentiation when it addresses their needs and preferences. When a product offers unique features or benefits that are important to the customer, they are more likely to choose that product over its competitors. Additionally, consumers may be willing to pay a premium for a product that offers superior quality or performance. However, product differentiation may not always be effective in attracting customers. If the unique features or benefits offered by a product do not address the customer's needs or preferences, they may not be willing to pay extra for them.

Hair et al 2010 mentioned Advertising helps businesses build brand awareness and loyalty. By using consistent branding elements such as logos, slogans, and visual identity, businesses can create a strong brand image that resonates with consumers. Advertising used for sales promotion, such as offering discounts or special deals on products can help businesses attract price-sensitive consumers and boost sales. A seasonal discount sale on furniture is found to motivate someone who has been considering purchasing a new couch to take advantage of the deal and make the purchase.

Pallant, 2003 advocated that Advertising has been an essential tool for businesses to market their products or services to the target audience. With the advancement of technology, advertising has become more personalized, and businesses can now tailor their ads based on the consumer's demographics. He has found a significant impact of Advertising on consumers, and by tailoring ads based on demographics, businesses can maximize their effectiveness. Demographics play a crucial role in determining the effectiveness of advertising, and by understanding them, businesses can create more targeted and personalized ads. However, he warned to balance the positive and negative impacts of advertising and be mindful of ethical concerns.

3. RESEARCH GAP

The study discussed so far points out some Research Gaps that should be taken care of.

- How the way and means of advertising succeed in disseminating awareness among consumers needs to be addressed.
- What factors are actually responsible for continuing affection of the consumers to a particular product needs to be explored.
- How exactly and by what factors the behaviour of the consumers shift towards a particular product should be investigated.

4. OBJECTIVES OF THE STUDY

1. To evaluate the Effectiveness of Advertising strategy in terms of creating Awareness / Cognition among the customers.

2. To analyse the Effectiveness of Advertising strategy in maintaining Consumers' affection to a particular product.
3. To estimate the Effectiveness of Advertising strategy in causing Behavioural Change of the Consumers towards using the product.

5. RESEARCH METHODOLOGY

The research has been conducted on the basis of a primary survey conducted with the help of a Google Form-based survey sheet on the sample of 20 consumers of consumer durables. Their opinion on various parameters of Advertising Effectiveness and the Outcome have been recorded for the purpose of this research.

The research mainly comprises Multiple Regression Analysis executed considering various parameters as exploratory variables and 3 outcome variables intuited from the Lavidge and Steiner Model of Advertising Strategy.

The entire analysis is dependent on the 3 Regression Equations of estimating the impact of 9 independent advertising parameters on 3 outcome variables as summarised below.

Equation 1:

Cognition = a0 + a1* Benefit Explained + a2* Value Addition + a3* Repeated Campaign + a4* Offers & Discount + a5* Innovative Ad content + a6* Brand Ambassador + a7* Addressing Reality + a8* Highlighting Statistics + a9* Targeting Audience

Equation 2:

Affection = a0 + a1* Benefit Explained + a2* Value Addition + a3* Repeated Campaign + a4* Offers & Discount + a5* Innovative Ad content + a6* Brand Ambassador + a7* Addressing Reality + a8* Highlighting Statistics + a9* Targeting Audience

Equation 3:

Behavioural Change = a0 + a1* Benefit Explained + a2* Value Addition + a3* Repeated Campaign + a4* Offers & Discount + a5* Innovative Ad content + a6* Brand Ambassador + a7* Addressing Reality + a8* Highlighting Statistics + a9* Targeting Audience

6. DATA ANALYSIS

6.1 Regression Analysis: Advertising Effectiveness in terms of Cognition/Awareness

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.75
R Square	0.76
Adjusted R Square	0.46
Standard Error	1.27
Observations	20.00

ANOVA

	df	SS	MS	F	Significance F
Regression	9.00	20.39	2.27	4.40	0.03
Residual	10.00	16.16	1.62		
Total	19.00	36.55			

	Coefficients	Standard Error	t Stat	P-value
Intercept	15.53	6.31	2.46	0.03
Benefit Explained	0.65	0.39	2.69	0.03
Value Addition	0.32	0.30	1.08	0.31
Repeated Campaining	0.96	0.49	2.50	0.04
Offers & Discount	0.83	0.44	1.90	0.09
Innovative Ad content	1.08	0.51	2.78	0.02
Brand Ambassador	0.25	0.45	2.25	0.04
Addressing Reality	0.62	0.45	2.38	0.20
Highlighting Statistics	1.32	0.64	2.07	0.07
Targeting Audience	0.55	0.25	2.19	0.06

The calculated F-value of 4.4 corresponds to a p-value of 0.03, indicating a significant model with respect to the ANOVA table.

R-square=0.76 renders that almost 76% average variation in dependent variable, Cognition is explained by all the explanatory variables taken together.

Explaining Benefits, Repeated Campaign, Innovative Ad Contents and Brand Ambassador correspond to a p-value less than 0.05. So, the Alternative Hypothesis case at 5% level is accepted for the mentioned variables and it leads us to the conclusion that the above variables are significantly impacting the dependent variable, Cognition/Awareness.

6.2 Regression Analysis: Advertising Effectiveness in terms of Affection

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.67
R Square	0.75
Adjusted R Square	0.35
Standard Error	0.52
Observations	20.00

ANOVA

	df	SS	MS	F	Significance F
Regression	9.00	2.15	0.24	3.90	0.04
Residual	10.00	2.65	0.27		
Total	19.00	4.80			

	Coefficients	Standard Error	t Stat	P-value
Intercept	6.05	2.53	2.39	0.04
Benefit Explained	0.16	0.13	1.20	0.26
Value Addition	0.17	0.12	2.53	0.03
Repeated Campaining	0.17	0.21	0.82	0.43
Offers & Discount	0.03	0.09	0.33	0.75
Innovative Ad content	0.05	0.17	0.31	0.77
Brand Ambassador	-0.07	0.12	-0.61	0.56
Addressing Reality	0.19	0.12	2.56	0.03
Highlighting Statistics	0.12	0.12	0.96	0.36
Targeting Audience	0.02	0.10	2.79	0.02

The calculated F-value of 3.9 corresponds to a p-value of 0.04, indicating a significant model with respect to the ANOVA table.

R-square=0.75 renders that almost 75% average variation in dependent variable, Affection to the Product is explained by all the explanatory variables taken together.

Value Addition, Addressing Reality, Targeting Audience correspond to a p-value less than 0.05. So, the Alternative Hypothesis case at 5% level is accepted for the mentioned variables and it leads us to the conclusion that the above variables are significantly impacting the dependent variable, Affection to the Product.

6.3 Regression Analysis: Advertising Effectiveness in terms of Behavioural Change

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.79
R Square	0.82
Adjusted R Square	0.58
Standard Error	0.85
Observations	20.00

ANOVA

	df	SS	MS	F	Significance F
Regression	9.00	11.90	1.32	3.81	0.04
Residual	10.00	7.30	0.73		
Total	19.00	19.20			

	Coefficients	Standard Error	t Stat	P-value
Intercept	12.34	4.93	2.50	0.03
Benefit Explained	0.21	0.23	1.93	0.76
Value Addition	0.18	0.14	1.25	0.24
Repeated Campaining	0.61	0.30	2.03	0.04
Offers & Discount	0.28	0.15	1.86	0.09
Innovative Ad content	0.19	0.34	0.55	0.60
Brand Ambassador	0.15	0.24	0.64	0.54
Addressing Reality	-0.39	0.23	-2.78	0.01
Highlighting Statistics	0.32	0.14	2.88	0.04
Targeting Audience	0.43	0.29	1.46	0.18

The calculated F-value of 3.81 corresponds to a p-value of 0.04, indicating a significant model with respect to the ANOVA table.

R-square=0.82 renders that almost 82% average variation in dependent variable, Behavioural Change is explained by all the explanatory variables taken together.

Repeated Campaign, Addressing Reality, Highlighting Statistics correspond to a p-value less than 0.05. So, the Alternative Hypothesis case at 5% level is accepted for the mentioned variables and it leads us to the conclusion that the above variables are significantly impacting the dependent variable, Behavioural Change.

7. FINDINGS & SUGGESTIONS

- The study has revealed that the primary motive of Advertising in creating Awareness among consumers can be achieved by explaining the benefits of the products for the usage and Application specific to the customer needs.

- A repeated and consecutive advertising of the product helps imprint the product impression in the minds of the consumers and also alters their behavioural pattern.
- A creative and innovative advertising method catches consumers' attention and readily spread the product knowledge like a viral fever.
- The study has found that using a Brand Ambassador as the face of the product appeals more to the consumer and helps enter the product into their cognitive space.
- Mentioning about the value and features addition to the product as compared to their competitors can cause increased affection to that particular product, pointed out by the study.
- The Ad campaign addressing the realistic hurdles and challenges and portraying the product as an optimum solution stands out in growing consumer affection and a behavioural shift towards the product.
- Ad strategy targeting specifically to particular categories of consumers with respect to age, gender, etc. in terms usability of the product, could bring up higher affection of that group towards the product. Cosmetics for women, Chips for children are some of the examples.
- Highlighting the Statistics on the impact of the product on the mass population and also the data on deficiency related to the particular product segment can instigate a behavioural redirection of consumers to that product.

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