

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**Influence of Advertising and Promotion on Consumer
Behaviour in India**

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DIPLOMA THESIS ASSIGNMENT

Shubham Prakash

Economics Policy and Administration
Business Administration

Thesis title

Influence of advertising and promotion on consumer behaviour in India

Objectives of thesis

The aim of the thesis is to identify and analyze selected aspects of advertising across industries in India. In the practical part it will identify the influence of advertising on the behaviour of specific consumers, and to what extent the selected respondents realise the effect of advertising.

Methodology

The thesis will consist of two parts – theoretical and practical. The theoretical part will be based on a summary of the text of current professional literature and internet sources.

In the empirical part, methods of quantitative and qualitative research will be used. Specifically, quantitative research will be a questionnaire survey. This will be complemented by structured interviews as part of qualitative research. Outputs will be evaluated with graphs and tables.

The proposed extent of the thesis

60 – 80 pages

Keywords

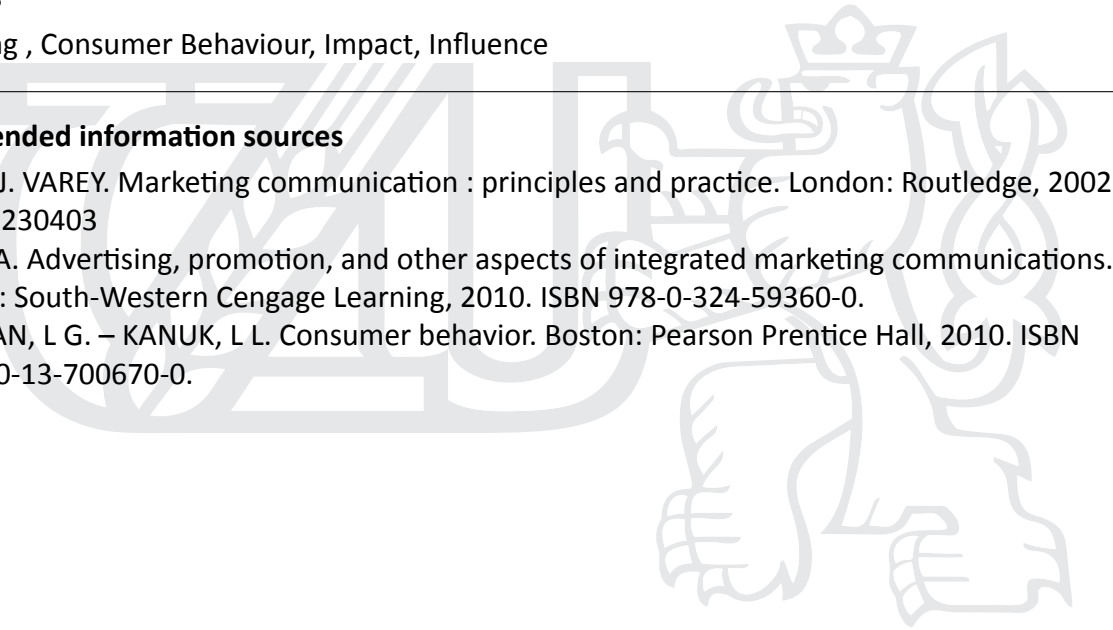
Advertising , Consumer Behaviour, Impact, Influence

Recommended information sources

RICHARD J. VAREY. Marketing communication : principles and practice. London: Routledge, 2002. ISBN 0415230403

SHIMP, T A. Advertising, promotion, and other aspects of integrated marketing communications. Mason, Ohio: South-Western Cengage Learning, 2010. ISBN 978-0-324-59360-0.

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Declaration

I declare that I have worked on my diploma thesis titled “Influence of advertising and promotion on consumer behaviour in India” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any other person.

In Prague on date of submission

SHUBHAM PRAKASH

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I would like to thank Dr. Richard Selby for his professional advice, support and above all his patience during my work on this research. Many thanks to all other persons who have helped through providing advice, support and feedback during the course of the research.

Influence of advertising and promotion on consumer behaviour in India (FMCG and Automobile Sector)

Abstract

Consumer behaviour analysis is a prominent field of study in the marketing world to study the reasons why consumers act in a particular manner in a certain set of circumstances. This study gives the marketers an idea about the triggers that influence product purchases and ultimately the bottom lines of the company. Advertising and sales promotions activities of the organisations are the elements of the marketing mix which aid in the purchase process either directly or indirectly. This thesis identified two popular sectors of the Indian economy, namely FMCG and Automobile to study the Influence of advertising and sales promotions on the consumer behaviour. The research was divided into two parts. The first part studied the existing literature on the subject and the second part completed an empirical analysis to study the effects of promotions on consumer behaviour. There is a very limited literature available which shows the comparison of the consumer preferences across two sectors. The empirical results were presented after analysing the data from the survey of about 85 candidates across India. The results revealed that digital is the most popular medium among the respondents followed by television ads. Discounts and percentages off are the preferred sales promotions tactics in the FMCG as well as the Automobile sector. The most important reason for buying a product across both the categories was product satisfaction, followed by value for money, advertising and lastly sales promotions.

Keywords: Advertising, Sales Promotions, Impact, Influence, Consumer Behaviour, FMCG Sector, Automobile Sector

Vliv reklamy a propagace na chování spotřebitelů v Indii (spotřební zboží a automobilový sektor)

Abstrakt

Analýza chování spotřebitelů je význačným oborem ve světě marketingu, který zkoumá důvody, proč spotřebitelé jednají určitým způsobem za daných okolností. Tato analýza poskytuje obchodníkům představu o spouštěcích faktorech spotřebitelů, které ovlivňují nákupy produktů a v konečném důsledku příjmy společnosti. Činnosti organizace v oblasti reklamy a podpory prodeje jsou prvky marketingového mixu, které pomáhají v procesu nákupu buď přímo, nebo nepřímo. Tato práce identifikovala dva populární sektory indické ekonomiky, konkrétně prodej rychloobrátkového spotřebního zboží a automobilové odvětví, u kterých zkoumala vliv reklamy a podpory prodeje na chování spotřebitelů. Výzkum byl rozdělen do dvou částí. První část byla zaměřena na studium existující literatury na toto téma a v druhé části byla provedena empirická analýza ke studiu účinků propagace na spotřebitelské chování. K dispozici je velmi málo literatury, která ukazuje srovnání spotřebitelských preferencí napříč dvěma sektory. Empirické výsledky byly prezentovány po analýze dat z průzkumu asi 85 respondentů v Indii. Z výsledků vyplynulo, že digitální media jsou mezi respondenty nejpopulárnější, po nich následují televizní reklamy. Slevy a procentní srážky z ceny jsou preferovanou taktikou propagace prodeje v obou sektorech. Nejdůležitějším důvodem k nákupu produktu v obou kategoriích byla spokojenost s produktem, následovaná poměrem ceny a výkonu, reklamou a nakonec podporou prodeje.

Klíčová slova: reklama, podpora prodeje, dopad, vliv, chování spotřebitele, sektor spotřebního zboží, automobilový sektor

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Chapter 1

Introduction

1.1 The World of Marketing

Businesses make millions of different products and services and offer them in the market to satisfy the needs and wants of the economy. With growing materialism, consumerism and competition, companies and organizations need marketing for their survival. Marketing today is an omnipresent phenomenon which connects and flows through all the other industries in existence today. Marketing as defined by the American Marketing Association (AMA) is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Businesses need to have a good product offering in the right place at the right price point and must be visible on the right medium to gain the attention of the consumer. All of this boils down to the 4 Ps of Marketing which are Product, Price, Place and Promotion. Promotion plays a significant part in making the people aware about the offerings of a company.



Figure 1 : 4Ps of Marketing.

Source: 4Ps Of the Marketing Mix: The Best Guide To Show You How to Triumph, Actionable Marketing 101

1.2 Promotion Mix

Organizations selling products and services need to create awareness about what they offer, increase revenue by sales and create a brand loyalty for repeat customers. Companies need to constantly communicate with the target audiences about the products and services to grab their attention and make a space in their minds. Promotion is the answer to this dilemma. Promotion is defined in the Collins

Dictionary as an attempt to make a product or service popular among the end users. Promotional messages are communicated via many different channels. Some of the most popular ways of promotion which have stood the test of time in the wake of fast and ever changing technology are:

- a. Public Relations: Strategies which are aimed at positively influencing the company's image and the products and services it sells.
- b. Advertising: Strategies used to pay for space on any medium to make the product visible to the end users
- c. Direct Marketing: Strategies which focus on personal and individual dissemination of information about a product or service
- d. Sales Promotion: Strategies which are aimed at persuading a potential customer to buy a product or service.
- e. Personal Selling: Strategies for face to face selling to the potential customer.



Figure 2: Promotion Mix and Strategies.

Source: Lukas Weber's Marketing Blog

1.3 Advertising

Advertising is a means of propulsion of information to the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them, as defined by the

Advertising Association of the UK. There are many forms of advertising which are used these days:

Types of Advertising	
1. Newspapers & Magazines	2. Outdoor Advertising
3. Radio & Podcast	4. Direct Mail
5. Video Ads	6. Event Marketing
7. Email Marketing	8. Display Ads
9. Social Media Ads	10. Product Placement

Table 1: Types of Advertising.

Source: Prepared by researcher

The businesses need to very proactively select the form of advertising which will work best for their target audience. The marketing strategy of a firm can be a combination of promotional mix items with a dedicated advertising budget. The ads should be seen, heard or read in such a way that the brand is registered on the mind of the consumer. There can be various permutations and combinations of the modes of advertising depending on the niche of the company. Advertising nowadays has become an all pervasive medium as we can see ads in one form or the other almost everywhere and anywhere.

Advertisements in any form are made with the purpose of informing, persuading and reminding the customers about the product and its attributes in a world full of competitors in any and every product or service category. The idea is to fine tune the potential customer's mind about the company's offerings so that the audience is encouraged to make a purchase decision in favour of the advertiser. A *Forbes* article (2012) stated: "Advertising plays the same role in your media diet that vegetables play in your regular diet; most of us would prefer to skip that course and go straight to dessert. But, just like veggies, advertising plays an important role in sustaining a body; in this case, a diverse body of content" (Theirer 2012)

1.4 Sales Promotion

Sales promotion is a sub set of the sales promotional mix of an organization which is the formulation of short term tactics to increase sales of the firm. Sub consciously in the mind of the consumer, the sales promotion stimulates the demand for the products. The idea behind sales promotions engaged by a firm is to create awareness and knowledge about the brand

of the company. The by-product of sales promotion activities is that it also helps stabilize sales and fulfils short term sales goals of the firms. In a nutshell these short term tactics are often used by marketers to enter new markets, create new markets for their new products, keep the existing customers afloat and remain competitive in the markets.

The sales promotion strategies are usually divided into three categories:

1. Pull Strategy: The customers pull the product from the company through the use of discounts
2. Push Strategy: The use of intermediaries who push the product in the market using schemes and personal selling
3. Hybrid: A combination of both push and pull strategies

There are a lot of different consumer promotion options which the companies use as a means of sales promotions. Some of them are listed below:

Types of Sales Promotions	
1. Free Samples	2. Free Gifts
3. Discounts	4. Exchange Offers
5. Finance Schemes – No Cost EMI	6. Shipping Schemes – Free Shipping
7. Bundle Discounts	8. Bulk Purchase Deals

Table 2: Types of Sales Promotions.

Source: Prepared by researcher

1.5 Consumer Behaviour

Consumer behaviour is a set of study of the processes that the customers undergo while choosing, using and disposing products and services which are affected by the individual's emotional, psychological and behavioural responses. The way a consumer responds to a product or service message is important to study by the marketers as it will shape their buying decisions. A thorough understanding of the consumer behaviour is a secret ingredient for a

successful recipe in terms of engaging a customer and persuading him/her to buy the product or service of the company.

The way in which a consumer interacts with the product or service and makes his/her buying decision is influenced by a variety of factors which complement each other. There are certain external influences as well as internal influences which shape the behaviour of the consumer. The diagram below gives a brief of the parameters that control consumer behaviour.

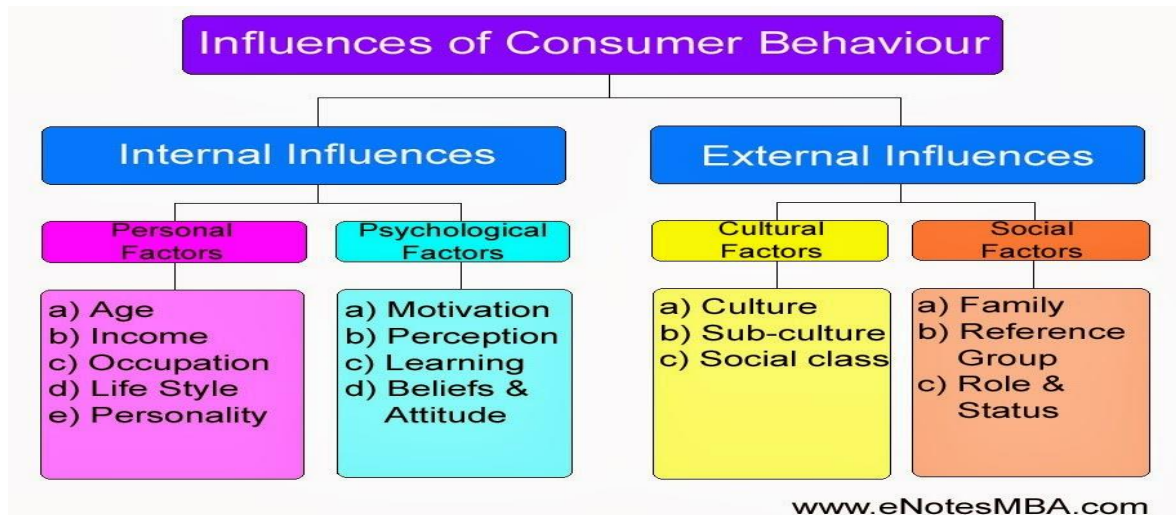


Figure 3: Factors that Influence Consumer Behaviour

Source: www.eNotesMBA.com

There are various models which have been developed which explain why the consumers make decisions. Some of the prominent models of consumer behaviour are:

1. Black Box Model: This model is based on external stimulus response which means that something triggers the consumer to buy the product including advertising.
2. Personal Variable Model: Under this method the consumers make buying choices based on internal motivators.
3. Complex Model: This model consists of choices which are made under the influence of the external and internal factors.

1.6 Fast Moving Consumer Goods (FMCG) Sector

The Fast Moving Consumer Goods (FMCG) sector encompasses all the products which are sold at a low cost and are consumed quickly. There are three main subcategories in the FMCG sector which are food and beverages, health care, household and personal care. The FMCG sector is the 4th largest sector in the Indian market (India Brand Equity

Foundation, FMCG Industry in India, 2019). This sector is expected to have a CAGR of about 27.8% in 2020 (India Brand Equity Foundation, Indian FMCG Industry Analysis, 2019). The key growth matrices for this sector are changing lifestyles, high disposable incomes, growing awareness about the products and services on offer and easier access. According to a research by Nielsen, the FMCG sector is poised to grow at about 9-10% in 2020 (Ambwani, 2020).



Figure 4: FMCG Sector Market Players in India.

Source: www.sannams4.com

1.7 Automobile Sector

The Indian automobile sector is characterized by the presence of 4 wheelers, three wheelers and two wheelers. India was the fourth largest automobile market in the year 2018 (India Brand Equity Foundation, Indian Automobile Industry Analysis, 2019). The entire Indian automotive industry is expected to reach about INR 16.16 -18.18 trillion by 2026 (MarkLines Automotive Industry Portal, 2016). Currently the industry is seeing a slump in the sales and is facing down time due to a combination of many factors.



Figure 5: Categories of Indian Automobile Industry.

Source: www.slideshare.net

Chapter 2

Objective & Research Methodology

2.1 Research Problem

It is a given fact that all the marketers agree that advertising and sales promotions are very essential tools to help the company create awareness about the products and services which are available and indirectly influence their purchase by creating the motivation to buy the product. It is very important to design the advertising messages in such a way that they are appealing and entice the customer to remember the product and the company. Good sales promotions techniques catalyse the desire that has been created by the advertisements and push the consumer to purchase the product. There has been ample research on the Influence of advertising and sales promotions play on the consumers in different categories of the products. It is crucial for the marketers to know how effective the promotions campaigns are in increasing the sales of the business. Lot of research papers are available on individual industries with regards to the effect of sales promotions and advertising strategies on the consumer behaviour of the people in India. The Indian economy is characterized by a lot of different and varied segments. FMCG and automobile are two very popular segments of the Indian market. Studying the consumer behaviour in these markets is very useful for the marketers to plan their marketing mix campaigns. The marketing mix today is a combination of the various elements of the product, price, place and promotions. Newly added elements like processes, physical evidence and people are also the other attributes which need to be taken care of thoroughly in order to achieve the goal of sales maximization. FMCG which is the fast moving consumer goods category comprises of sub segments like household and personal care, food and beverages and healthcare. The automobile segment comprises of two, three and four wheelers in India. These are two very diverse segments and their marketing mix elements are also poised differently. The messages that the promotional campaigns depict are also totally different. The consumer behaviour towards the purchase of the FMCG and the automobile segment is naturally going to be different as both are totally disparate markets which means that the promotional messages have a different impact on both of these segments. Among all the available studies and researches there are a very few that compare the effect of advertising and sales promotions on the consumer behaviour related to FMCG products and automobile products. This research is an attempt to study to find out the commonalities and difference among the Influence of advertising and sales

promotions on the consumer behaviour in India towards the FMCG and the automobile market.

2.2 Research Objectives

This diploma thesis titled “Influence of Advertising and Promotions on Consumer Behaviour in India” has the following objectives to study:

1. The most popular mediums of Advertising and promotions amongst consumers in FMCG and Automobile industries.
2. The reasons for a purchase decision of FMCG and Automobile products.
3. The correlation between Advertising, Promotions and Consumer Behaviour.

2.3 Hypothesis

Hypothesis used in marketing are pre suppositions or assumptions made in the light of limited evidence usually constructed at the start of an investigation. These are usually wild approximations of some commonly observed behaviours. The hypothesis developed for this thesis are as under:

Hypothesis 1

Null Hypothesis: Advertising does not significantly impact the consumer behaviour

Alternate Hypothesis: Advertising significantly impacts consumer behaviour

Hypothesis 2

Null Hypothesis: Sales promotion does not significantly impact the consumer behaviour

Alternate Hypothesis: Sales promotion significantly impacts consumer behaviour

2.4 Research Methodology

Research methodology encompasses the processes, techniques and methods which are deployed to gather data and analyse it into useful information. As an attempt to study the consumer behaviour towards the advertisements and sales promotions in India in FMCG and Automobile sectors, a quantitative study has been done. The study tried to gauge the consumer behaviour factors which are influenced by the advertisements and sales promotions campaigns in the specific sectors of FMCG and Automobiles in India.

2.4.1 Population and Sampling

To confirm that the sample was representative of the population, stratified sampling in terms of age, gender, education and occupation has been used where the population was broken down into categories and the sample had been taken from all the categories. To execute this study a very comprehensive questionnaire was constructed. This questionnaire was directed to 85 respondents residing in all the parts of India to showcase an all representative sample size.

2.4.2 Data Collection

Primary data and first-hand information had been collected on the people's opinions regarding advertising and sales promotion strategies used in FMCG and Automobile sectors in India by administering a well drafted questionnaire.

2.4.3. Procedures and Measures

The questionnaire had been generated via Google Forms and was distributed among friends, families, in the community and the neighbourhood. It is noteworthy that the researcher collected some primary data by requesting random strangers outside the supermarkets to take the survey. The researcher input the data in the tab. This survey was circulated through social media channels like Facebook and WhatsApp. The survey had been taken by people from all parts of India to provide a good representation of the diversity of the country. People in different age groups and occupations had been approached so as to study the influence of advertising and sales promotion on the consumer behaviour. This would give a good interpretation on the basis of the age, gender, occupation about how people in different stages of life react to promotional messages of advertising and sales promotions.

2.5 Research Method

Research methods can be categorized into three different approaches. They are exploratory, explanatory and descriptive researches. This thesis used an exploratory research method where it provided a deep insight into the issue at hand. This method was used in this thesis for the reason that the problem is not clearly defined and an attempt has been made to find out the effect of consumer's behaviour towards promotions and if at all it leads to favourable buying behaviour in FMCG and Automobile sectors in India.

Chapter 3

Literature Review

3.1 Promotional Strategies and Consumers' Purchase Decision

Promotional strategies are the coordination of all seller dominated activities to establish channels of information and persuasion to sell the goods or services or promote an idea (Belch and Belch, 2001). There are several different types of promotional strategies and campaigns which are employed by the marketers to draw the attention of the consumers and leave a positive impression on their minds. Promotion strategies play an important role in creating a perception about the product or service in the market. These tactics used by the innovator would affect the positioning of an innovation in the “consumer mind space” (Lee et al., 2003). There are several promotional tools which the marketers use to influence the sales behaviour of the consumer directly or indirectly. The consumer's value and the benefits need to be considered when evaluating the factors that affect consumer behaviour. Several different types of promotional techniques which all influence the consumer purchase behaviour are product category dependent. This means that the promotional mix which is effective for one product category will not bear the same influence on the other product category. Advertisements on items like food, clothing, durables and household items do not lead to higher sales. The consumers are not affected by advertisements on these products as they are consumed on a daily basis. The higher the consumption of the products, the lower the Influence of advertisement on them. Advertising therefore has a less marginal effect on the fast moving consumer goods compared to other products (Doyle, 1968).

3.2 Impact of Advertising on Consumer Behaviour

The goal of advertising is to create an awareness about the product or service in the mind of the consumer. Advertising plays a major role in creating a frenzy about the products or services and positively influences the buying behaviour of the consumer. Buying behaviour is generally driven by the perception of the quality, awareness about the product or service and general public opinion. Marketing messages if sent during the right time and at the right place have the power to make the consumers purchase on impulse. They can even persuade the potential customers to change the brands and buy expensive products or they can even be used as reminders for products that need to be bought regularly but do not occupy the customer's top of the mind slot. Advertisements play an essential role in creating an image

of a product in the minds of consumers. Advertisements must be catchy and communicate relevant information to consumers. (Role of Consumer Behaviour in Advertising, 2020)

Researchers commonly agree on some principles on which the advertisements are based. (Rai, 2003) They are mainly as follows which comprises the popular AIDA theory:

1. To score attention
2. To arouse interest
3. To develop and sustain that interest
4. To create desire
5. To incite action
6. To create goodwill

In the world of digitalization where there is enormous information explosion, advertisements serve as a catalyst to change the behaviour and attitude of the consumers towards a product or service. Advertising has a long term vigorous effect on the consumer's purchase of the product and the producer's sale of the product. The main purpose of an advertisement is to create awareness about the products and inform the consumers that a product or service exists in the market which can fulfil their needs (Sharma and Sharma, 2009). Advertising affects the future sales of the products as consumers respond to the advertisements in the long run which also explains why most of the companies advertise about their products when they are newly launched in the marketer (Sharma and Sharma, 2009).

Advertisements today are an important ingredient in any marketers' promotional campaign. Informative advertisements make the consumers responsive to price changes and therefore increases the demand elasticity for the product (Bagwell, 2011). On the other hand a persuasive advertisement will create brand loyalty which will make the demand for a product or service inelastic (Bagwell, 2011).

A lot of researchers and studies have been conducted to review the Influence of advertising on the consumer behaviour of a product or service. How much should companies spend on their advertising budget is also an aspect that needs to be kept in the mind while designing the marketing budget of an organization. Advertising creates an increase in the output. The increased output tends to increase the production cost of the firm. These things need to be kept in the mid while comparing the cost and the benefits of the extra amount of money spent on the advertisement. There should be an increase in the advertising spend to an extent when

the marginal revenue from the additional money spent on advertising is equal to the full marginal cost of the advertisement. This full marginal cost is the sum of the money spent directly on the advertisement and the marginal production cost which is a result of increased sales that happen due to the advertisements (Pindyck and Rubinfeld, 1995).

There have been various empirical studies to find out the effect of the advertisement on the buying behaviour of the consumers across several decades. There is no positive relationship between advertising and aggregate consumption which is proved in the research study “A Reconsideration of Advertising Expenditures, Aggregate Demand and Stabilization” (Ekelund and Gramm, 1969). It was found out through the Houtakker-Taylor model that advertising and aggregate consumption do not have a unidirectional relationship but a simultaneous one where both seem to work on each other (Taylor and Weiserbs, 1972). Fluctuations in advertising expenditure positively influence the consumption expenditure. This revelation was made using the unit root test, co-integration and error correction model in the study “The Relationship between Advertising and Consumption in India: An Analysis of Causality” (Philip, 2007). Apart from advertising there are other factors also which affect the sales of a product like quality, brand of the company and the company’s reputation. This fact was verified by a study on 134 companies through the use of the fixed effect model of panel data analysis (Sharma and Sharma, 2009). Advertising and sales promotions together with the image and reputation of a company influence the consumer buying behaviour. Quality and price of the product also have a bearing on the consumer purchase as was elucidated using the mean and the standard deviation in the study of the consumer behaviour and advertising (Kumar, Gangal and Singh, 2011). Advertisements have the power to convey the desired information to a group of people but advertisements should neither be too long or too short and they should make sure that the consumer is thoroughly involved in the advertisement (Kumar and Raju, 2012). There is a positive relationship of emotional response between consumer buying behaviour and television advertisements (Hassan, 2015).

3.3 Impact of Sales Promotions on Consumer Behaviour

Sales promotions are the incentives companies use to achieve multiple purposes at once. The main aim though being in promoting short term sales, these effective tactics also help clear out old inventory or under cutting competition. These short term tactics also pose a threat as they do not help in building brand loyalty and identity. Sales promotions also bring the issue of price sensitivity among buyers. Many consumers will often delay their purchase to wait for the promotion of the company and then buy the products at a lower rate. It is fairly right

to assume that sales promotion is that element of the integrated marketing communications of an organization which rather than creating awareness and brand recall, induces action which is reflected in the instant purchase of the product.

Sales promotions have many unique offerings in terms of coupons, discounts, price offs, buy one get one free as well as scratch and win. Sales promotion has direct impact on the consumers buying behaviour, which is an action focus-promoting event (Ashraf, Rizwan, Iqbal and Khan, 2014). According to Ghafran Ashraf, their study confirmed that consumers buying behaviour and sales promotion can be instigated through various kinds of parameters, including promotion techniques such as price discounts, free samples, social surroundings and physical surrounding (Ashraf, Rizwan, Iqbal and Khan, 2014).

In addition, according to Jin-Woo Park et al., their study has pragmatically confirmed the relationship between sales promotions, customer satisfaction, customer value and behavioural intention, legitimizing the growth of sales promotions within the duty-free shop sector (Park, Choi and Moon, 2013). According to Giuliani Isabella et al., among the variables that affect the consumer's purchase decision is the price, which has a remarkable influence on communication factors concerning the advantages of purchasing a product or hiring a service. (Isabella, Pozzani, Chen and Gomes, 2012). Price can be accompanied by a "discount," which increases the perceived value of the product for the purchaser (Isabella, Pozzani, Chen and Gomes, 2012). This discount is a type of sales promotion to effect the short term sales of the product.

According to Ehrenberg et al, the short-term rises in sales were due primarily to purchases made by irregular users of a brand, though they further warned that these irregular users, after taking benefit of the price discount, would most likely go back to their beloved brands in their portfolio rather than purchase the promoted brand at full price. (Ehrenberg, Hammond, Goodhardt, 1994).

3.4 Measuring the Influence of Advertising & Sales Promotions

Promotion analysis is an important way to find out the effectiveness of the promotion strategies employed by an organization. There are many effective advertisement campaigns as well as sales promotions incentives which firms use extensively to boost sales. Measuring the results of these promotions is very significant to see if the field efforts are worth the investment. Data is the main parameter which helps firms analyse where the firm was before the promotion was put into effect, where the firm is heading with the promotions and

ultimately what the firm wants to achieve. Here is a small chart which briefly outlines the short term and the long term effects of the promotions of a product or service.

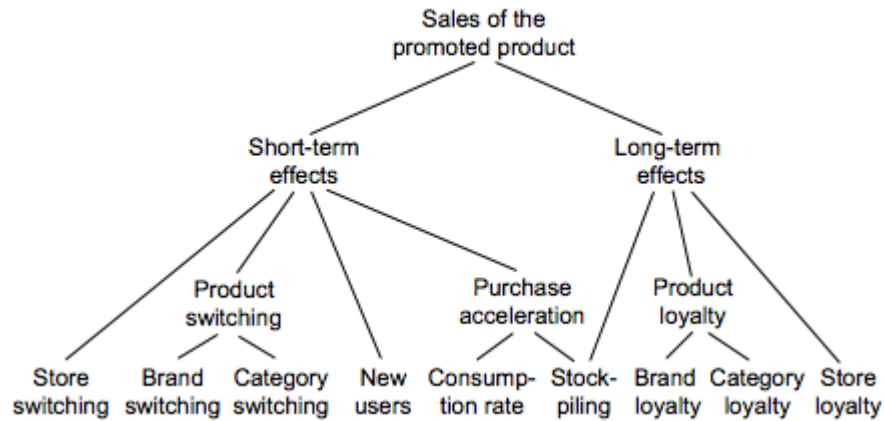


Figure 6: Short Term and Long Term Effects of Promotions.

Source: Kotler's short- term and long-term effects of sales promotion

Corporations and firms watch four metrics closely so as to find out the effects of the promotion strategies which have been used. (Rutter, 2020). They are briefly mentioned below:

3.4.1 Profits

In exchange for a small investment on promotions, the goal is to earn revenue for the company. Promotions can lead to higher sales but lower profits, hence it is imperative to measure the impact of promotions on profit. Only 30 out of 45 promotions reported as successes are actually successful, while 19 out of 46 promotions reported as failures actually increased profits (Hardy 1986). When the cost of increasing the sale by one dollar does not exceed a dollar and there is increased sales, the promotion is said to be profitable.

3.4.2 Sales Volume

The initial volume in sales needs to be measured before the promotion and the data needs to be collected throughout the period of the promotion. This data will help figure out the increase in the sales volume of the firm. The increase in the sales volume due to the promotion strategies is calculated as:

$$\text{Overall Sales Lift} = \text{Lift in Promoted Item Sales} + \text{Halo} - \text{Cannibalization} - \text{Pull-forward}$$

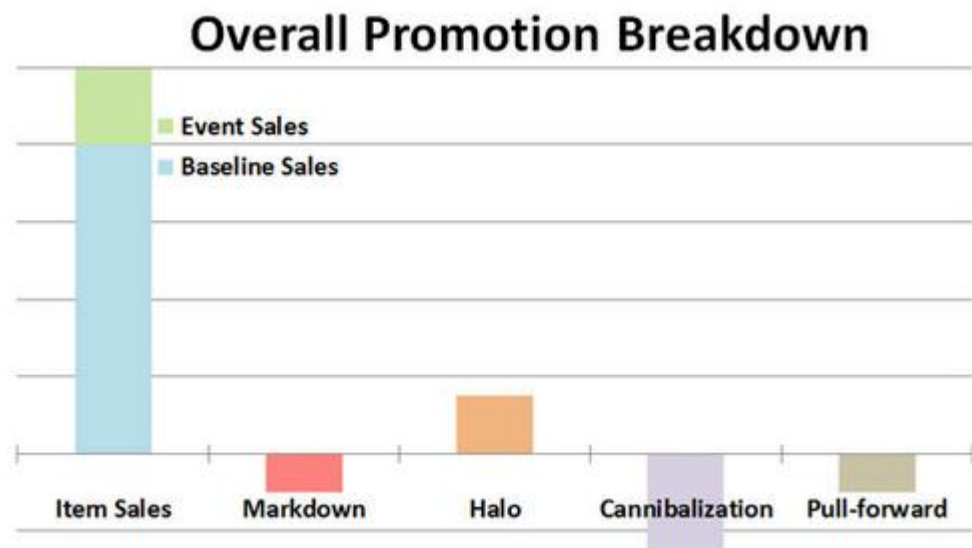


Figure 7: Overall Promotion Breakdown.

Source: www.crosscap.com

Lift in Promoted Items = the difference between the base line sales prior to the promotion and the new sales post the promotion.

Halo = the phenomenon where the promotion of one item leads to the sales of the other.

Halo is measure using the basket analysis. Basket analysis looks at historical transactional data across multiple promotional periods and analyse all baskets that contained the item promoted and determine among all those baskets which were the common items that were not on promotion (“Guide to Analysing the Overall Lift of a Retail Promotion”).

Cannibalization = when the sales of the promoted item increases but it negatively decreases the sales of other items which can lead to a lower category lift.

Pull Forward = this means stock piling the items on the promotion causing an increase in the sales during the promotion period and a slump in the sales out of the promotion.

3.4.3 Customer Satisfaction

A key ingredient of customer loyalty and brand loyalty is customer satisfaction about the product, brand and the promotions. Data needs to be collected to measure the satisfaction of the customers by circulating surveys and customer feedback forms.

3.4.4 Achievement of Set Goals

Multiple goals needs to be set ahead of the promotion right from boosting the sales to increasing brand loyalty to measuring the effects of the promotion use in the future. The promotions effectiveness study will help analyse the factors which affect the bottom-line of the business.

It is very crucial to plan, implement, analyse and document the entire process of promotion to get an idea of how it affects the company as a whole right from brand awareness, brand loyalty to an increase in sales and ultimately an increase in profits. Monitoring the four parameters of sales, profit, customer satisfaction and the achievement of goals gives the marketers to get an insight into the effectiveness of the promotion.

3.5 Advertising vs. Sales Promotions

Advertising and sales promotions are two distinct variables of a company's promotion mix which are often misunderstood. Both of them are essential for a successful marketing campaign of the company. Some of the differences between the two are briefly mentioned in the table below:

Advertising	Sales Promotion
Advertisements are informative tools about the company's product or service.	Sales promotions are techniques used to entice the consumer to purchase the product right now.
Advertising has a long term effect	Sales promotions have a short term effect
Advertisements helps in building brands	Sales promotions helps in increasing the sales
Advertisements are created to set the stage for a future sale by appealing the prospect by showcasing the product features	Sales promotions are designed strictly to appeal to the financial consideration of the prospect like discounts, price offs and free samples

Table 3: Differences between Advertising and Sales Promotions.

Source: Prepared by researcher

Over the years the marketers over the globe have turned to sales promotion strategies to push their short term sales. Advertisements are seen as a long term investment towards brand building of the company and its products. Sales promotions on the other hand generate short term sales but there are chances that they eat into or steal the future purchases from the same customer. Although there is an increase in sale, the marketers must confront a question that the sales promotion strategies might lead to erosion in the brand value of the company. Sales promotions applied too frequently lead the customer to think that the product's discounted value is the actual price and the consumers will not buy it without a discount. A study conducted among more than 700 FMCG companies using a mix of advertising and sales promotions in different proportions showed some interesting facts about the return on investments (Biel, 1999)

Promotion Mix	% Spend on Advertising	% Spend on Sales Promotions	% ROI
Advertising Dominant	67%	33%	30
Sales Promotions Dominant	23%	77%	18
Mix Strategy	44%	56%	22

Table 4: Return on Investment Relationship to Promotion Mix in FMCG Industry.

Source: Advertising in a Recession - the benefits of investing for the long term NTC Publications, 1999

This goes on to show that the companies which used advertising as their dominant promotion strategy got a return on investment about 30% whereas those who used sales promotions as their dominant strategy got a return on investment about 18%.

In the automobile industry, traditionally the promotion campaigns were designed to attract the prospects to the dealership. This scenario has however changed in this era of information explosion. The primary role of the promotional campaigns is now to forge new relationships and permeate other environments as said by Bourne, managing director of KLP Euro RSCG (Miller, 2000). The game plan has changed to taking the car to consumer from the initial enticing the customer to the car. Sales promotions and advertising are used hand in hand in the automobile world to drive sales and increase the brand value as noted by O'Loughlin,

client services director at The Russell Organisation (Miller, 2000). Sales promotions although short term, tend to focus on accelerating the brand value of the company by intelligent and strategic techniques which touch the consumer at some level. Sales promotion campaigns need to be viewed as a part of an integrated marketing communication strategy which start with identifying the sales prospect, finding out what motivates them and continues to the after sales service to build on brand loyalty (Miller, 2000) In the competitive landscape of today where the customer is aware about all the information related to his car purchase, a well drafted sales promotions campaign that aligns with the brand value can be a dictating factor between two cars with a similar price tag.

3.6 Indian Industry Advertising Expenditures

There are lots of opportunities on which companies and organisations can bank on to make profits. There are so many players in the market trying to capture the attention of the consumer for buying their products or services. Advertising is the driving force to cater to occupying the top slot in the consumer's mind. Several advertising industry forecasts reveal some interesting facts and points. Group M which is the media investment group of WPP has come out with a report titled , 'This Year, Next Year (TYNY) 2020' (GroupM's TYNY Report, 2020) According to this report:

1. India will continue to be on the top of the charts as the fastest growing major advertising market in the world.
2. The advertising investment has an estimated growth of 10.7% for 2020 reaching to INR 91,641crores.
3. The global advertising expenditure is expected to grow by 5.1% in 2020.
4. Digital ad spends will be the highest at about 30% securing number two position as the most used media vehicle.

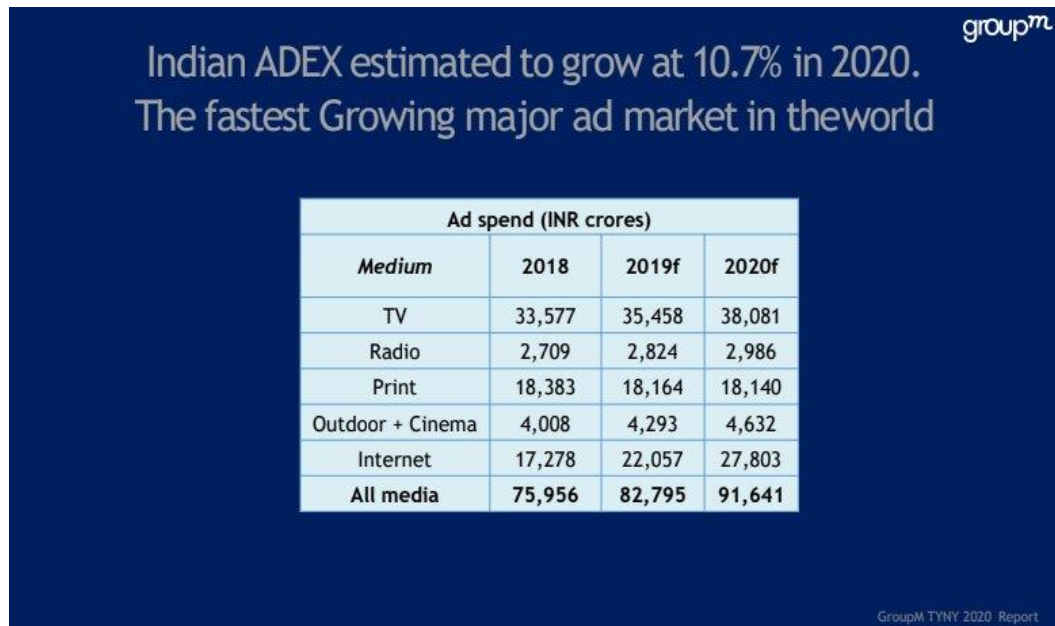


Figure 8: Advertising Expenditure Across Different Media.

Source: Group M TNY 2020 Report

There are many companies who study and analyse the advertising expenditures to gauge the consumer behaviour. Since advertising is a very important aspect in shaping the decision of the consumer in the favour of the company, marketers play close attention to advertising numbers. Media companies Pitch in association with Madison World unveil a Pitch Madison Advertising Report every year. (Pitch Madison Advertising Report 2020, 2020) This report gives a sneak peek at how the ad spends pan out for each medium and each industry. A lot can be said from these numbers about the consumers' behaviours in various sectors. Here are some key highlights from this esteemed report (Pitch Madison Advertising Report 2020, 2020):

1. The advertising market is expected to grow by 10.4% through 2020.
2. Advertising expenditures in traditional media channels will grow by 5.1% versus more than a 5 times growth rate of 28% in digital media advertising expenses in 2020
3. FMCG sector has the highest volume on advertising on television and over time the share has increased to 57% in ad volume.
4. There is digitalisation everywhere and companies which adopt this in their advertising and embrace it are the ones which are growing.

5. Youth customers drive the older generations towards the use of digital media like watching news on iPad, ordering from ecommerce sites, etc.
6. The experiences of the consumer is the final key to generating more business from promotional strategies be it in traditional media or digital media.
7. Digital enhancement is a key trend which is about to stay for the years to come.
8. The Indian markets are growing deeper into the rural fabric of the country and the companies need to target these in their promotional campaign to be a brand leader.
9. Mass products will prevail in the India over the coming years.
10. Indian start-ups are the ones which are currently leading the minds of the consumer, giving them a better experience and inspiring them to a change in the consumer behaviour.

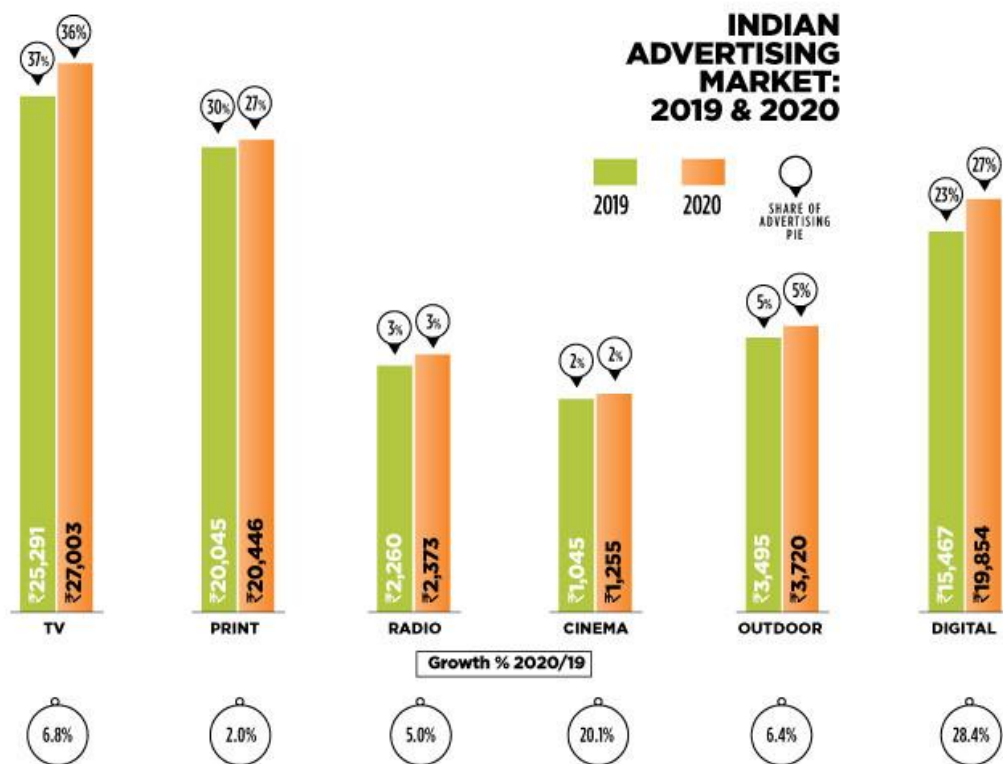


Figure 9: Indian Advertising Spends Growth Rate Across Media.

Source: Pitch Madison Advertising Report: Muted Forecast For 2020

Television ads are still a leader in the advertising expenditures of Indian companies. Here is a look at how the expenses are broken across all forms of media.

AD SPENDS ON TRADITIONAL MEDIA BY QUARTER 2019 VS 2018



WITH 37% SHARE, TELEVISION CONTINUES TO BE THE LARGEST CONTRIBUTOR TO ADEX

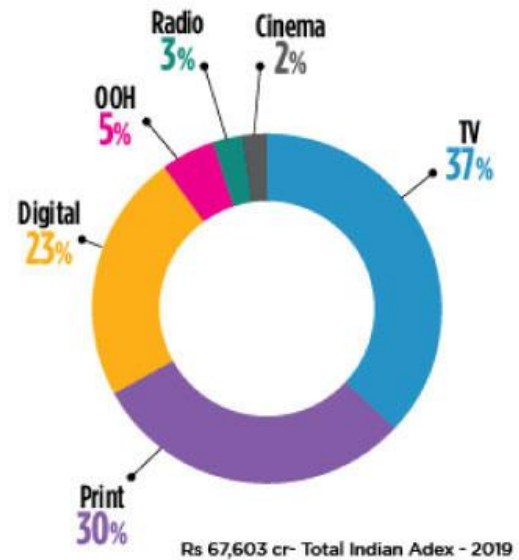


Figure 10: Percentage Wise Depiction of Advertising Spends Among Media Forms and Growth Percentage of Television Media.

Source: Pitch Madison Advertising Report: Muted Forecast For 2020

3.7 Sector Wise Impact of Advertising in India

The Indian economy is characterized by many different sectors. With such a wide spread of varied industries, advertising expenditure and consumer behaviour towards advertising is also skewed. Here are some of the facts related to the advertising expenditures of various industries among different media. This research report particular focusses on how consumers are affected by advertising in the FMCG sector and the Automobile Sector.

3.7.1 FMCG Sector

Some of the interesting revelations from industry reports on advertising throw light on the following (Pitch Madison Advertising Report 2020, 2020):

1. FMCG is the top category in terms of ad spends on television since many years now.
2. FMCG sector was also a top contributor at 50% collectively with the Auto, Real Estate and Retail sectors in print media advertising expenditure in 2019.
3. Three out of the top 10 advertisers in India for 2019 are from the FMCG sector.

3.7.2 Automobile Sector

The Indian automobile industry has some unique traits when it comes to marketing and promotional strategies. Some of the advertising expenditure numbers for the automobile industry are as follows:

1. The automobile industry along with FMCG, Real Estate and Retail contributed to 50% of the print advertising spends in 2019. Automobile sector spends more on print media.
2. The auto industry as a whole is witnessing a slump in the market, however the ad spends have not decreased. The idea is to level out the sales by pulling the customers to buy the brands.
3. Advertising in the automobile sector will see a progression to more spends on the digital media keeping pace with the magnanimous digitalization and internet penetration that has happened over the years.
4. According to Dentsu Aegis Network's latest report, the automotive sector contributes about 8% to the advertising industry at approximately INR 5,797 crores. (Digital Advertising In India 2020, 2020)
5. In the year 2019, the automotive industry spent 45% of its advertising budget on print media and 28% on television.
6. Digital advertising for the automobile sector increased from 12% in 2018 to 15% in 2019. (Digital Advertising In India 2020, 2020)

The following table depicts the advertising spends rankings among various prominent industries in India. Out of the 50 companies that have been ranked, the majority of them are in the FMCG sector followed by the automobile sector.

Rank in 2019	Rank in 2018	Change in Rank	Advertisers	Approx Spends in Rs crore
1	1	No Change	Hindustan Unilever Ltd	3200 - 3500
2	4	2	Amazon Online India	900 - 1000
3	New	New	Dream11 Fantasy	700 - 800
4	7	3	Reliance Industries Limited	700 -800
5	5	No Change	Maruti Suzuki India	700 -800
6	3	-3	Procter & Gamble	700 -800
7	9	2	Vivo Mobile India	600 - 700
8	6	-2	Samsung India Electronics	600 - 700
9	New	New	Oppo India	500 - 600
10	37	27	Vini Products	500 - 600
11	2	-9	Reckitt Benckiser	500 - 600
12	10	-2	Godrej Consumer Products Ltd	500 - 600
13	15	2	ITC Ltd	400 - 500
14	22	8	Coca Cola India	400 - 500
15	14	-1	Google India	400 - 500
16	17	1	Mondelez India	400 - 500
17	8	-9	Honda Motorcycle & Scooter	400 - 500
18	29	11	Apple Computers India	400 - 500
19	11	-8	Bharti Airtel	400 - 500
20	19	-1	Mahindra & Mahindra	400 - 500
21	12	-9	Hero MotoCorp	400 - 500
22	16	-6	Glaxo Smithkline	300 - 400
23	27	4	Hyundai Motor India	300 - 400
24	21	-3	Colgate Palmolive India	300 - 400
25	35	10	Asian Paints	300 - 400
26	18	-8	Emami Limited	300 - 400
27	New	New	Byju's	300 - 400
28	30	2	Nestle India	300 - 400
29	26	-3	Bajaj Auto	200 - 300
30	23	-7	L'Oreal India	200 - 300
31	New	New	Bharatiya Janata Party	200 - 300
32	25	-7	Marico	200 - 300
33	24	-9	TVS Motor	200 - 300
34	33	-1	Titan Company	200 - 300
35	28	-7	Life Insurance Corp Of India	200 - 300
36	36	No Change	Wipro	200 - 300
37	40	3	Tata Motors	200 - 300
38	New	New	MRF Ltd	200 - 300
39	New	New	Swiggy	200 - 300
40	41	1	Dabur India	200 - 300
41	46	5	Amul	200 - 300
42	7	-35	Vodafone Idea	200 - 300
43	13	-30	Flipkart.com	200 - 300
44	New	New	Havells India	100 - 200
45	39	-6	Johnson & Johnson	100 - 200
46	44	-2	Renault India	100 - 200
47	31	-16	Honda Cars India	100 - 200
48	49	1	Britannia Industries	100 - 200
49	New	New	Kia Motors Corporation	100 - 200
50	43	-7	Parle Biscuits	100 - 200

Table 5: Advertising Spends Company Wise Ranking 2019.

Source: Pitch Madison Advertising Report: Muted Forecast For 2020

3.8 Indian Consumer Market Future Trends

India being the second largest populated nation in the world has a very huge consumer market. India's consumer market is characterized by a diversity of languages, cultures, regions, religions, economic and social status. (India | International Trade, 2020) There have been several reports and surveys which have been conducted across the world to study and forecast the future potential of the Indian consumer market. Here are some insights into what is the future of this promising consumer market. (India | International Trade, 2020):

1. A new report released on Consumer Markets in India by Boston Consulting Group (BCG) and Confederation of Indian Industry (CII) projects that India's fast economic growth and increasing household incomes would bring consumer spending to a level of US\$ 3.6 trillion by 2020.
2. Food, housing, consumer durables, transport and communication are expected to drive the most of consumer spending.
3. The report further stated that India's share of global consumption would expand more than double to 5.8 per cent by 2020. This growth in the consumer market will be fuelled by the rising disposable incomes and a favourable population composition.
4. According to World Economic Forum (WEF), India is currently the world's sixth-largest economy, with an annual GDP growth rate of 7.5 per cent, By 2030, domestic private consumption, which accounts for 60 per cent of the country's GDP, has a potential to develop into a USD 6-trillion growth opportunity which would make India the third largest consumer market in the world after the USA and China.
5. The report drafted by WEF which is titled , 'Future of Consumption in Fast Growth Consumer Market – India,' stated that the transition of the Indian economy from a bottom of the pyramid to a one driven by the middle class will uplift about 25 million households out of poverty.

As seen from the insights of this report, it is noteworthy that the Indian consumer market is really very promising. "It's an exciting future for firms that wish to unlock the consumption opportunity in India," as stated by Nikhil Prasad Ojha, Partner and Leader of the Strategy practice at Bain India. (Challenges and opportunities emerge as India becomes third-largest consumer market by 2030, 2020).

3.9 Advertising and Sales Promotions Spends

It is an accepted fact that companies need to deploy advertising as well as sales promotions strategies to build on brand loyalty and increase its sales. However the marketers find it really difficult to weigh the effects of these measures on each industry. Each segment is characterized by its own set of drivers and it is very difficult to judge the effect of the promotional activities on the consumer behaviour of the individual. Below the advertising and the sales promotions spends of the industries is presented where the advertising and the sales promotions spends grew at 12% and net sales increased by 14% (Unwalla, 2019). The FMCG sector as well as the Automobile sector are in Quadrant 3 which means that in these industries the sales promotions and advertising expenses grew by less than 12% and net sales also grew by less than 14%.

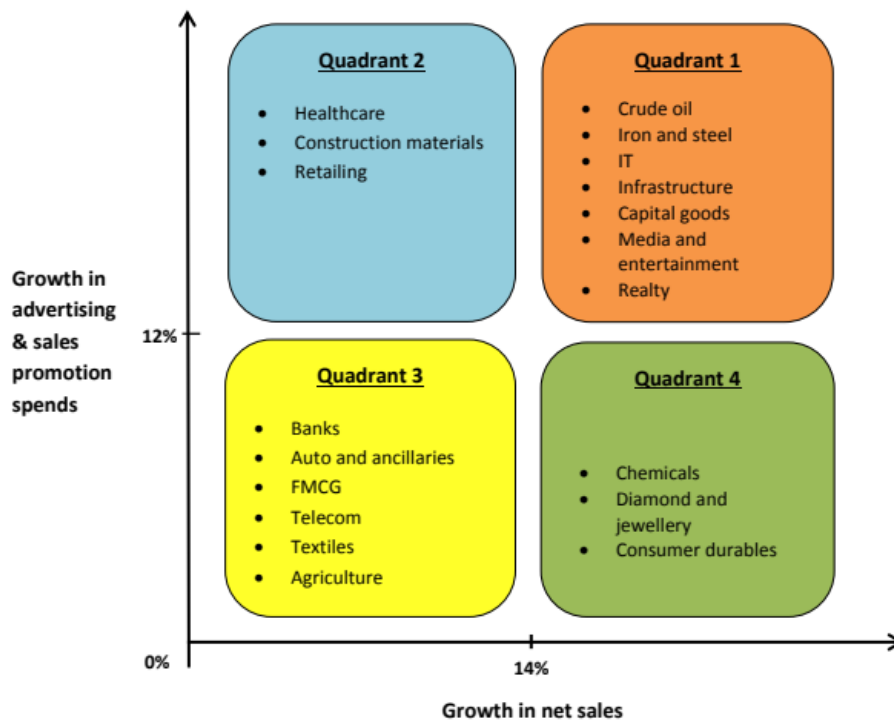


Figure 11: Growth in Advertising and Sales Promotion Spends Over a Growth in Net Sales in FY 2019.

Source: CARE Ratings 2019

The following figure depicts the advertising and the sales promotions spends of the major industries in India during the last three years and correspondingly shows the net sales figures for these sectors (Unwalla, 2019).

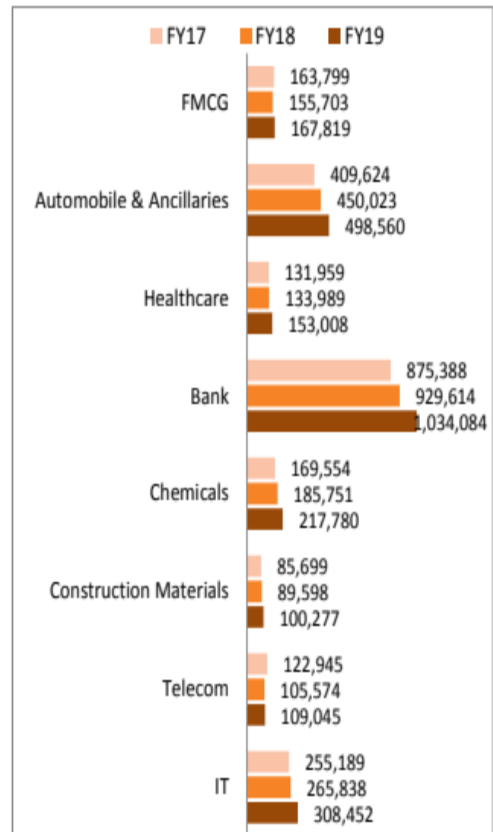
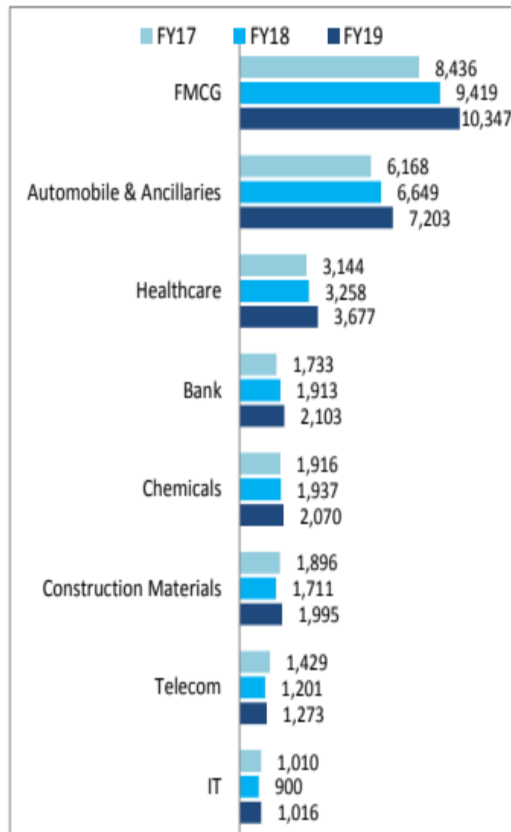


Figure 12: Advertising and Sales Promotions Expenses in Rs. Crores.

Figure 13: Net Sales in Rs. Crores

Source: CARE Ratings 2019

From these figures we can infer the following regarding the FMCG and the Automobile Sector:

Year	FMCG					Automobile				
	Advertising & Sales Promotion (In Crores INR)	Growth %	Net Sales (In Crores INR)	Growth %	Advertising and Sales Promotion as a % of Sales	Advertising & Sales Promotion (In Crores INR)	Growth %	Net Sales (In Crores INR)	Growth %	Advertising and Sales Promotion as a % of Sales
2017	8436		163799		5.15	6168		409624		1.51
2018	9419	10.44	155703	-5.20	6.05	6649	7.23	450023	8.98	1.45
2019	10347	8.97	167819	7.22	6.17	7203	7.69	498560	9.74	1.44

Table 6: Advertising and Sales Promotion Growth Rate, Net Sales Growth Rate and Advertising and Sales Promotion as a Percentage of Net Sales.

Source: Prepared by researcher from the data from CARE Ratings 2019

It is evident from this table that the advertising and sales promotions have decreased in the FMCG industry where as the net sales have also gone down. The advertising and sales promotions as a percentage of sales have not increased much through the three years. Advertising and sales promotions are hardly 6% of the sales. In the automobile industry, the scene is different. The advertising and sales promotions have increased and there is a corresponding increase in the net sales. The advertising and the sales promotions are hardly about 1.4% of the net sales. This means that the expenditure is less than also the volume of sales is higher. It can be inferred that it is very difficult to judge the impact of the sales promotion and the advertising on the net sales of a sector. The automobile industry has spent less on the promotions but yet they have a higher growth rate of sales compared to the FMCG industry. This supports earlier research done where the studies mentioned that advertising has less value on the items of daily use.

Chapter 4

Data Analysis

In this diploma thesis, the researcher has tried to identify and analyse the behaviour of the consumers towards the advertising and the sales promotions that are prevalent in the FMCG and the Automobile Industry. The researcher obtained first hand primary data through the administration of a well-crafted and easy to understand questionnaire. The quantitative data was then analysed and presented in this thesis report. This study was conducted on primary data. Moreover, primary data gathered through the survey and online forms were coded and analyzed using different statistical tools using SPSS software. Microsoft excel was also used widely to cross tabulate the data with the help of pivot table and graph generations. Hypothesis Testing and ANOVA have also been done.

4.1 Data Collection Tools

The most common and easy to use tool when conducting an exploratory research is the survey method. This method studies the sampling of the individual units from a population. This is a research method in which the data is collected from a pre-defined group of participants to give insights and information on a topic. Information can be gathered from a questionnaire which is shared with the people either on paper or now more commonly through circulation on the social media networks, emails, URLs or QR codes (Bhat). This thesis used an online Google Forms questionnaire which was distributed among the respondents digitally with the use of social media like Facebook, Instagram and WhatsApp. The questionnaire was divided into two parts. The first part collected the responses from the participants on their demographic characteristics. The second half of the questionnaire focussed on questions which related to the perceptions of the people on advertising and sales promotions in general and their behaviour with regards to advertising and sales promotions in the FMCG and the Automobile industry in particular.

4.2 Sample Size

Data was collected from about 85 participants from all the parts of India to effectively represent a population in determining the influence of advertising and sales promotions on the consumer behaviour of the people with reference to the FMCG and the Automobile segments of the Indian economy. The survey was circulated digital on the social media platforms like Facebook and WhatsApp.

4.3 Demographic Analysis

In demographic analysis, the collection and data analysis of the broad characteristics about a group or the sample sizes. It basically refers to the socio-economic information displayed graphically and statistically to give the distribution of the population on the basis of age, gender, educational qualification and occupation. This data is of prime importance to the marketers to plan for future trends in the consumer demand and also to understand how to market the products to the consumers. With the onslaught of the internet, big data and artificial intelligence technologies, the usefulness and the application of demographics as a tool for marketing and business strategy in increasing day by day (Chappelow, 2019).

4.3.1 Distribution on the Basis of Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	35	41.2	41.2	41.2
Male	50	58.8	58.8	100.0
Total	85	100.0	100.0	

Table 7: Distribution on the Basis of Gender.

Source: Prepared by researcher

This table represents the size of population on the basis of gender. It clearly describes about the division of individuals who participated in this research. Below is the graph which helps in grasping this data in a better way. The percentage of males in this sample data is about 58.8 % and females is about 41.2%.

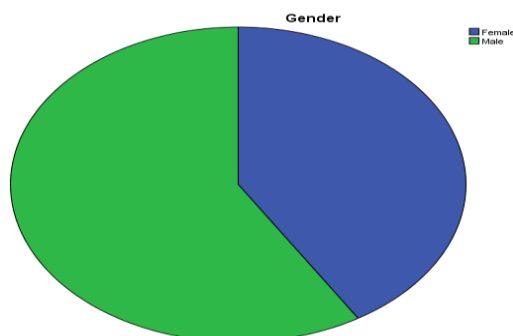


Figure 14: Distribution on the Basis of Gender.

Source: Prepared by researcher

4.3.2 Distribution on the Basis of Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Ages 18 – 35	66	77.6	77.6	77.6
Ages 36 -50	15	17.6	17.6	95.3
Ages 51 -65	4	4.7	4.7	100.0
Total	85	100.0	100.0	

Table 8 : Distribution on the Basis of Age.

Source: Prepared by researcher

Table 9 represents the details about the age categories to which the sample size belongs. It tells us number of individuals and their age bracket. It can be inferred from the table that the majority of the respondents are from the age group of 18 to 35 years, followed by 17.6% of the individuals from the ages 36 to 50 years and hardly 4.7% from the ages 51 to 65 years. Below is the graph which provide details with more clarity.

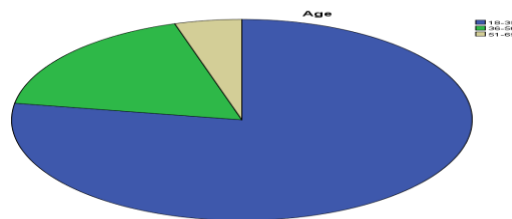


Figure 15: Distribution on the Basis of Age.

Source: Prepared by researcher

4.3.3 Distribution of the Basis of Education

Edu Level	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary	3	3.5	3.5	3.5
Higher Secondary	11	12.9	12.9	16.5
Graduate	35	41.2	41.2	57.6
Post Graduate	36	42.4	42.4	100.0
Total	85	100.0	100.0	

Table 9: Distribution on the Basis of Education.

Source: Prepared by researcher

This Table 10 presents the detail about the education of sample which is used to conduct this research. There are different categories to which the respondents belong and it also shows the number of individuals in each category. From the data it can be concluded that 42.4% of the people are post graduates followed by graduates at 41.2% and 12.9% at higher secondary levels and 3.5% at the secondary level. Below is the graphical representation.

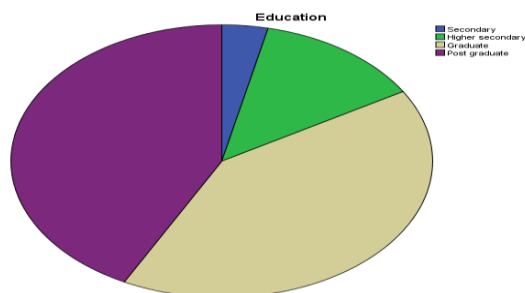


Figure 16: Distribution of the Basis of Education.

Source: Prepared by researcher

4.3.4 Distribution on the Basis of Occupation

This Table 11 presents the data about the occupation to which the sample of this research project belongs. There are different categories to which the participants belong. Majority of the population are students followed by salaried people at 34.1%, business owners at 12.9%, self-employed at 7.1% and home makers at 2.4%. The table is followed by the graph which depicts the data in a more clear fashion.

	Frequency	Percent	Valid Percent	Cumulative Percent
Student	37	43.5	43.5	43.5
Salaried	29	34.1	34.1	77.6
Self Employed	6	7.1	7.1	84.7
Business Owner	11	12.9	12.9	97.6
Home Maker	2	2.4	2.4	100.0
Total	85	100.0	100.0	

Table 10: Distribution on the Basis of Occupation.

Source: Prepared by researcher

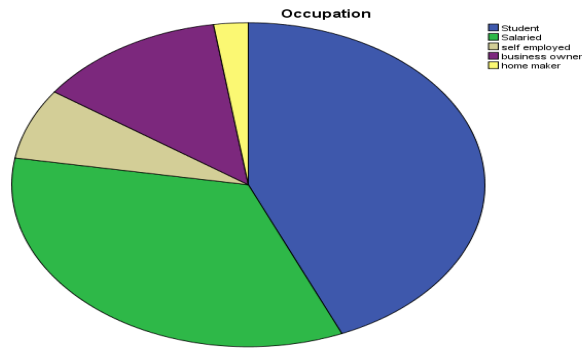


Figure 17: Distribution on the Basis of Occupation.

Source: Prepared by researcher

4.3.5 Distribution on the Basis of Geographical Location

Table 12 presents the data about the location to which the sample of this research project belongs. Majority of the participants are from West India at 31.8% followed by North India at 30.6%, South India at 21.2% and East India at 16.5%. The Figure 19 depicts the geographical distribution of the sample graphically which gives more clarity on the distribution of the people on the basis of their location.

	Frequency	Percent	Valid Percent	Cumulative Percent
North India	26	30.6	30.6	30.6
East India	14	16.5	16.5	47.1
West India	27	31.8	31.8	78.8
South India	18	21.2	21.2	100.0
Total	85	100.0	100.0	

Table 11: Distribution on the Basis of Geographical Location.

Source: Prepared by researcher

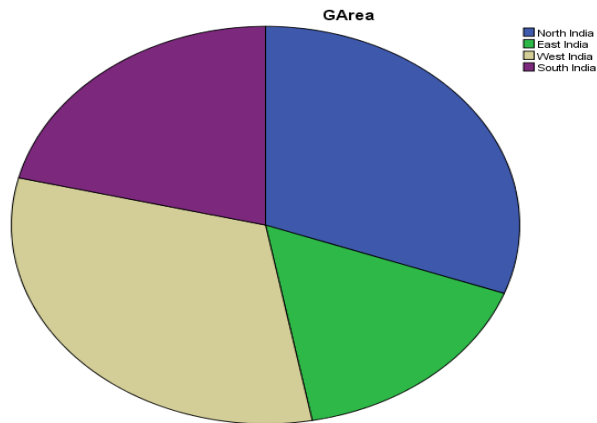


Figure 18: Distribution on the Basis of Geographical Location.

Source: Prepared by researcher

4.4 Perceptions about Advertising and Sales Promotions

In the second part of the questionnaire the respondents were asked questions about their thought processes related to advertisements and sales promotions activities. This section first asked the questions related generally to advertising and sales promotions generally first and then it asked questions related to the specific fields of FMCG and Automobile sectors. The data is analysed using the Statistical Package for Social Sciences (SPSS) and is presented in tabular format below.

4.4.1 Media of Advertising

There are many mediums in which advertising is done. Traditional advertising as well as digital advertising are prevalent today across all the segments of the industry.

	Which media of advertising attracts your attention the most? Please select any one option.					Total
	Internet	TV	Print	Radio	Bill Boards & Hoardings	
Female	3	25	1	2	4	35
Male	38	3	3	2	4	50
Total	41	28	4	4	8	85

Table 12: Most Popular Media of Advertising on the Basis of Gender.

Source: Prepared by researcher

	Which media of advertising attracts your attention the most? Please select any one option.					Total
	Internet	TV	Print	Radio	Bill Boards & Hoardings	
18-35	33	20	4	4	5	66
36-50	6	6	0	0	3	15
51-65	2	2	0	0	0	4
Total	41	28	4	4	8	85

Table 13: Most Popular Media of Advertising on the Basis of Age.

Source: Prepared by researcher

	Which media of advertising attracts your attention the most? Please select any one option.					Total
	Internet	TV	Print	Radio	Bill Boards & Hoardings	
Secondary	0	1	0	2	0	3
Higher Secondary	7	3	0	0	1	11
Graduate	14	14	3	0	4	35
Post Graduate	20	10	1	2	3	36
Total	41	28	4	4	8	85

Table 14: Most Popular Media of Advertising on the Basis of Education.

Source: Prepared by researcher

	Which media of advertising attracts your attention the most? Please select any one option.					Total
	Internet	TV	Print	Radio	Bill Boards & Hoardings	
Student	18	12	2	2	3	37
Salaried	16	8	2	2	1	29
Self Employed	2	3	0	0	1	6
Business Owner	5	3	0	0	3	11
Home Maker	0	2	0	0	0	2
Total	41	28	4	4	8	85

Table 15: Most Popular Media of Advertising on the Basis of Occupation.

Source: Prepared by research

	Which media of advertising attracts your attention the most? Please select any one option.					Total
	Internet	TV	Print	Radio	Bill Boards & Hoardings	
North India	13	7	2	2	2	26
East India	7	4	2	1	0	14
West India	14	8	0	1	4	27
South India	7	9	0	0	2	18
Total	41	28	4	4	8	85

Table 16: Most Popular Media of Advertising on the Basis of Geographical Location

Source: Prepared by researcher

When the participants were asked the question as to which medium of advertisement attracted their attention the most across all the genders, ages, educational levels, occupations and the geographical locations, it was concluded that the internet was the most powerful

medium of advertisement which attracted the most attention. Studying further, it was revealed that most of the males were attracted to the internet advertisements who were generally in the ages of 18 to 35 years, post graduates, salaried and residing in West India. Print and Radio advertisements were the least popular forms of advertising.

4.4.2 Frequency of Exposure to Advertisements

To gauge the frequency to which the survey participants were exposed to the advertisements, it was found out that the age group of 18 to 35 year olds was the most exposed to the advertisements on a daily basis. The post graduates and the graduates were the most exposed to advertisements on a daily basis. Students and the salaried people were the most exposed to daily advertisements. More males were exposed to daily advertisements compared to the females. Most of the north Indians were exposed to daily advertisements more compared to their other counterparts across India.

Age	How often are you exposed to these advertisements?				Total
	Never	Daily	2-3 times per week	2-3 times on every half month	
18-35	2	40	20	4	66
36-50	2	9	4	0	15
51-65	0	3	1	0	4
Total	4	52	25	4	85

Table 17: Frequency of Exposure to Advertisements

Source: Prepared by researcher

Frequency of Advertisement Exposure	% of Sample Exposed
Never	4.71
Daily	61.17
2-3 Times Per Week	29.41
2-3 Times Every Half Month	4.71

Table 18: Percentage of Sample Exposed to Frequency of Advertisements.

Source: Prepared by Researcher

It is evident from the Table 19 that hardly about 4.71% of the participants were either never exposed to advertisements or they were exposed only 2 to 3 times every 2 weeks. This means to say that advertisements are very popular across different strata of people.

4.4.3 Belief in Advertising Messages

The respondents were asked whether they believe on advertisement or not. The results across all the categories were quite unexpected. There was a major proportion of the population who mentioned that they were not sure if they believed in the advertising messages that they were exposed to. Approximately 43.53% of the entire sample who took this survey answered that they were not sure if they truly believed in the advertising messages. Out of this sample those who responded as they were not sure if they believed in the advertisement messages were mostly male participants in the age group of 18 to 35 years who were graduate students from West India.

Belief in Advertisement Messages	% of Sample
Yes	31.76
No	24.71
May Be	43.53

Table 19: Percentage of Sample's Belief in Advertising Messages.

Source: Prepared by researcher

4.4.4 Influence of Advertisement

In the world of marketing, the primary purpose of the advertisement is to serve as a vehicle of information to make the people aware about the existence of a product or service in the market. This means that advertisements are made in a way people remember them, can have information about the product or it arouses the curious mind of the consumer to try the product. Whatever may be the reason for the influence of the advertisement, the main aim of it is that the brand image of the company should be enhanced. When the respondents were asked how the advertisements influenced them, the results were quite remarkable. Table 21 depicts that the most important influence of advertisement was that it helped in a better product recall. Around 63.53% of the respondents mentioned that the advertisements

helped them with product recall, 23.53% thought that advertisements left a better impression about the product in the mind of the consumer and 12.94% mentioned that it aroused interest in them towards the product. A greater demographic analysis of this variable revealed that the sample who responded that they had a better product recall were mainly male students and salaried individuals from the age group of 18 to 35 years old from the Western part of India who had a post graduate degree or were pursuing one.

Influence of the Advertisement	% of Sample
Better Product Recall	63.53
Positive Impression	23.53
Aroused Interest	12.94

Table 20: Percentage of Sample's Influence of Advertisement on the Sample.

Source: Prepared by researcher.

4.4.5 Product Purchase After Viewing Advertisements

Although the long term goal of the advertisements is to build the brand value of the company and influence the future sales, there are instances when the people purchase the products after viewing the advertisements. The researcher tried to find out how many people out of the sample population had purchased the products based on the recent seen advertisements of the products. A majority of the people responded in the affirmative saying that they had purchased the product after viewing the advertisements. A deeper study of the profile of the candidates who responded that they had purchased a product after viewing the advertisements revealed that the majority of them were male students in the age group of 18 to 35 years old who were from West India pursuing their masters.

Purchased product After Viewing Advertisements	% of Sample
Yes	65.88
No	34.12

Table 21: Percentage of Sample’s Product Purchase After Viewing Advertisement.

Source: Prepared by researcher

4.4.6 Influence of Recent Purchase

Customers have various reasons which influence their product purchase after viewing an advertisement. Some purchase the product for its intrinsic value after being impressed by the advertisements. On the other hand, some might actually need the product or they wanted to feel good by imitating the celebrity in the advertisement. It is extremely important for the marketers to know the reason behind the purchase of the product so that they can present the product to the consumer in a better way. The most common reason cited for the purchase of the product was that the customer was curious about the product after viewing its advertisement and wanted to try it. About 34% of the respondents mentioned that they purchased the product out of curiosity. 31% said that the advertisement was impressive and made them buy the product. Hardly 5.85% of the sample mentioned that they wanted to imitate the celebrity endorsing the product. Some 18.82% of the participants mentioned that they were already familiar with the product brand from before which might be the result of the company’s years of promotion efforts. About 9% of the respondents mentioned that they were already planning to buy that product beforehand. It is quite possible that advertising and other promotions of the product had a subconscious effect on their minds. An analysis by demographics made it clear that those who purchased the product out of curiosity were mostly North Indian post graduate female students. The ones who purchased the product after being impressed by its advertisement were male students in the category of 18 to 35 years of age.

Reason for Purchase	% of Sample
I was impressed by the advertisement of the product	31.76
I was curious about what the product was and wanted to try it	34.12
I wanted to imitate the celebrities in the advertisement	5.85

It was a familiar product brand	18.82
I was already planning to buy that product	9.41

Table 22: Percentage of Sample's Reasons Which Influenced the Purchase of the Product.

Source: Prepared by researcher

4.4.7 Purchase Based on Sales Promotions Schemes

Sales promotions are the short term tactics used by the marketers to influence the purchase of the products instantly. When the survey participants were asked if they had purchased the products based on the sales promotions schemes most of them responded in the positive. The profile of the majority of the candidates who mentioned that they had purchased a product based on its sales promotions schemes is North Indian male students in the age group of 18 to 35 years pursuing graduation or post-graduation. The Table 24 depicts that 58.82% of the sample responded that they did purchase a product based on the promotions. 4.71% of the participants were not sure if they had purchased a product on the basis of the sales promotions.

Product Purchase Based on Sales Promotions Schemes	% of Sample
Yes	58.82
No	36.47
May Be	4.71

Table 23: Percentage of Sample's Product Purchase Based on Sales Promotions Schemes.

Source: Prepared by researcher

4.4.8 Quantity Purchased Based on Sales Promotions

Sales promotions has an exponential effect were the products are available at lesser than the MRP and the consumers get the great deals which are an excellent value for money. Sometimes it happens that sales promotion cause more sales where the consumers might stock the products for future use. The survey participants were asked if the quantity they purchased was affected by the sales promotions schemes. Surprisingly about 54% of the candidates mentioned that they purchased only the

exact amount that they needed. 37.65% mentioned that they purchased more quantity than they needed due to the sales promotions schemes on the products. Most of the people who responded that they purchased exactly what they needed were students in the age group of 18 to 35 years of age, mostly males living in West India pursuing their graduation or post-graduation.

Quantity Purchased from Sales Promotions	% of Sample
Purchased more than what I need	37.65
Purchased the exact amount that I need	54.12
Purchased less than what I need	8.24

Table 24: Percentage of Sample's Quantity Purchased Based on Sales Promotions.

Source: Prepared by researcher

4.4.9 Sales Promotion Scheme in FMCG Products

The marketers have to constantly innovate new schemes which attract the consumers to purchase the product. There has to be some monetary benefit in these schemes so that the consumers will purchase more products and thus the short term sales goals of the consumers can be easily fulfilled. There are numerous schemes going on in the FMCG segment which target the consumers to buy more products. The tabular data in the following pages show the most popular tactics in the FMCG sector on the basis of all the demographic parameters. The consumers are mostly attracted to direct discounts on the products which is a percentage off on the MRP of the FMCG product. Approximately 67% of the candidates responded that they liked the direct discount the most on the product followed by buy one get one free schemes where the response rate was 30%. Samples and exchange offers hardly enticed the customers in the FMCG category. A demographic evaluation revealed that the majority of the candidates who preferred the direct discount offers on the FMCG group were males in the age of 18 to 35 years from Western India who were students pursuing their post-graduation.

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option.				Total
	Direct discount on the product MRP (Usually a % off)	Buy 1 Get 1 Free (BOGO)	Samples	Exchange Offers	
Female	21	12	1	1	35
Male	36	14	0	0	50
Total	57	26	1	1	85

Table 25: Popular Sales Promotion Scheme in FMCG Sector on the Basis of Gender.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option.				Total
	Direct discount on the product MRP (Usually a % off)	Buy 1 Get 1 Free (BOGO)	Samples	Exchange Offers	
18-35	44	20	1	1	66
36-50	10	5	0	0	15
51-65	3	1	0	0	4
Total	57	26	1	1	85

Table 26: Popular Sales Promotion Scheme in FMCG Sector on the Basis of Age.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option.				Total
	Direct discount on the product MRP (Usually a % off)	Buy 1 Get 1 Free (BOGO)	Samples	Exchange Offers	
Student	22	13	1	1	37
Salaried	21	8	0	0	29
Self Employed	4	2	0	0	6
Business Owner	9	2	0	0	11
Home Maker	1	1	0	0	2
Total	57	26	1	1	85

Table 27: Popular Sales Promotion Scheme in FMCG Sector on the Basis of occupation.

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option.				Total
	Direct discount on the product MRP (Usually a % off)	Buy 1 Get 1 Free (BOGO)	Samples	Exchange Offers	
Secondary	2	1	0	0	3
Higher Secondary	11	0	0	0	11
Graduate	23	12	0	0	35
Post Graduate	21	13	1	1	36
Total	57	26	1	1	85

Table 28: Popular Sales Promotion Scheme in FMCG Sector on the Basis of Education.

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option.				Total
	Direct discount on the product MRP (Usually a % off)	Buy 1 Get 1 Free (BOGO)	Samples	Exchange Offers	
North India	16	10	0	0	26
East India	10	4	0	0	14
West India	19	7	0	1	27
South India	12	5	1	0	18
Total	57	26	1	1	85

Table 29: Popular Sales Promotion Scheme in FMCG Sector on the Basis of Geographical Location.

Source: Prepared by researcher

Sales Promotion Scheme in FMCG Sector	% of Sample
Direct discount on the product MRP (Usually a % off)	67.06
Buy 1 Get 1 Free (BOGO)	30.59
Samples	1.18
Exchange Offers	1.17

Table 30: Percentage of Sample's Popular Sales Promotion Scheme in FMCG Sector.

Source: Prepared by researcher

4.4.10 Sales Promotion Scheme in Automobile Sector

Even though the automobile sector is a high value sector, sales promotions techniques do work in this sector also. Consumers always look for some offers and schemes while making these big purchases. The respondents were asked which their most preferred sales promotion technique when it came to automobile products. The results were quite up to the expectations and are depicted in the tabular form below. Direct discount as a percentage off the sales price was the most popular category of the sales promotions schemes at 72.92% which was followed by exchange offers which stood at 18.82% and last was the redeemable coupons which was preferred by only 8% of the population. An in depth demographic evaluation of this data reveals that in the popular sales promotion category of direct discounts, the majority of the respondents were males in the age group of 18 to 35 years who were students who had finished their gradation and were pursuing a higher degree and were the residents of North India.

Gender	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option.			Total
	Direct discount on the product MRP (Usually a % off)	Redeemable Coupons	Exchange Offers	
Female	26	1	8	35
Male	36	6	8	50
Total	62	7	16	85

Table 31: Popular Sales Promotion Scheme in Automobile Sector on the Basis of Gender.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option.			Total
	Direct discount on the product MRP (Usually a % off)	Redeemable Coupons	Exchange Offers	
18-35	46	7	13	66
36-50	12	0	3	15
51-65	4	0	0	4
Total	62	7	16	85

Table 32: Popular Sales Promotion Scheme in Automobile Sector on the Basis of Age.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option.			Total
	Direct discount on the product MRP (Usually a % off)	Redeemable Coupons	Exchange Offers	
Secondary	2	0	1	3
Higher Secondary	7	2	2	11
Graduate	27	3	5	35
Post Graduate	26	2	8	36
Total	62	7	16	85

Table 33: Popular Sales Promotion Scheme in Automobile Sector on the Basis of Education.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option.			Total
	Direct discount on the product MRP (Usually a % off)	Redeemable Coupons	Exchange Offers	
Student	26	4	7	37
Salaried	20	1	8	29
Self Employed	4	2	0	6
Business Owner	10	0	1	11
Home Maker	2	0	0	2
Total	62	7	16	85

Table 34: Popular Sales Promotion Scheme in Automobile Sector on the Basis of Occupation.

Source: Prepared by researcher

	Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option.			Total
	Direct discount on the product MRP (Usually a % off)	Redeemable Coupons	Exchange Offers	
North India	20	1	5	26
East India	11	2	1	14
West India	21	3	3	27
South India	10	1	7	18
Total	62	7	16	85

Table 35: Popular Sales Promotion Scheme in Automobile Sector on the Basis of Geographical Location.

Source: Prepared by researcher

Sales Promotion Scheme in Automobile Sector	% of Sample
Direct discount on the product MRP (Usually a % off)	72.92
Redeemable Coupons	8.26
Exchange Offers	18.82

Table 36: Percentage of Sample's Popular Sales Promotion Scheme in Automobile Sector.

Source: Prepared by researcher

4.4.11 Information About Sales Promotion in FMCG Sector and Automobile Sector

Sales promotions are a common site nowadays in the FMCG as well as the Automobile industry. However the marketer needs to pass on the message to the consumer about the schemes going on in these companies. There are several ways in which this information can be disseminated. Most popular among these are advertisements on traditional, digital and outdoor media, word of mouth by friends, family and neighbours as well as information from the sales personnel in the stores. The most common category in the FMCG sector by which the consumer came to know about the product schemes and promotions was through the digital advertisements, followed by traditional media of advertisements and word of mouth publicity. Coincidentally for the Automobile sector as well the most popular medium through which the consumers came to know about the promotional schemes was the digital media followed by traditional media, word of mouth publicity and outdoor advertisements. Digital media information dissemination was about 40 to 45% of the sample size. The demographic profile of the majority of the candidates who responded that they came to know about the sales promotions in the FMCG category as well as the Automobile category was through digital media were male students in the age group of 18 to 35 years who had finished their graduation and were residing in North India.

Source of Information About Sales Promotion Schemes in FMCG Sector and Automobile Sector	% of Sample for FMCG Sector	% of Sample for Automobile Sector
From digital advertisements about the product	40	45.88
From traditional advertisements about the product (TV, Radio, Print)	23.53	23.52
From outdoor advertisements about the product (Displays, Billboards, Hoardings)	9.41	9.41
Information given by friends and family	18.82	12.94
Information given by sales personnel at the store	8.24	8.24

Table 37: Percentage of Sample's Source of Information About Sales Promotions in the FMCG and the Automobile Sectors.

Source: Prepared by researcher

4.4.12 Reason for Purchase of Product in FMCG Sector and Automobile Sector

Consumers purchase the products on the basis of several factors which may include things like trying the product out of curiosity, lured by the sales promotion schemes on the products as well as value for money and the influence of advertisements. The consumer behaviour of the candidate needs to be studied by the marketer to know and understand the motivator behind the purchase so that their marketing mix can be positioned in a manner which is favourable to the consumer. When the respondents were asked what was their reason behind the purchase of the FMCG product and the automobile product, they gave varied answers which are summarized below. In the FMCG sector, the highest number of people gave the reason as product satisfaction to purchase the product which was at 30.59% followed by advertisements at 23.53%, value for money at 24.71% and lastly promotions at 21.18%. Within the FMCG sector demographically, the majority of the candidates in the age group of 18 to 35 years who were males chose product satisfaction as their reason of purchase. The same number of respondents who were graduates and post graduate students stated that price was good value for money and sales promotions were the reasons for purchase respectively.

This was followed by post graduate students mentioning product satisfaction as their reason for purchase. Majority of the candidates who replied that product satisfaction was their reason for purchase were from West India. In the Automobile sector product satisfaction was the choice of about 35.29% of the sample. This was followed by value for money at 27.06%, advertisements at 21.18% and lastly sales promotions at 16.47%. A deeper evaluation revealed that the majority of the candidates who preferred product satisfaction as their reason of purchase for automobile products were in the age group of 18 to 35 year olds who were male graduate students in the Northern India.

Reason Behind the Purchase	% of Sample in FMCG Sector	% of Sample in Automobile Sector
Liked the advertisement of the product	23.53	21.18
The sales promotion on the product was too impressive	21.18	16.47
Product satisfaction	30.59	35.29
Price was good value for money	24.71	27.06

Table 38: Percentage of Sample's Reason for Purchase of FMCG and Automobile Products.

Source: Prepared by researcher

4.5 Hypothesis Testing

To conduct the hypothesis, firstly the coefficients were calculated using SPSS for advertising and sales promotions and consumer behaviour. The results of the correlations are shown in the figure as under:

		ADVERTISING	SALE PROMOTION	CONSUMER BEHAVIOR
ADVERTISING	Pearson Correlation	1	.041	.168
	Sig. (2-tailed)		.708	.125
	N	85	85	85
SALE PROMOTION	Pearson Correlation	.041	1	.233*
	Sig. (2-tailed)	.708		.032
	N	85	85	85
CONSUMER BEHAVIOR	Pearson Correlation	.168	.233*	1
	Sig. (2-tailed)	.125	.032	
	N	85	85	85

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation coefficient is a statistics indicator about the magnitude of the association between two variables and the direction of the relationship between them. From the above table it can be viewed that the correlation between advertising and consumer behaviour as well as the sales promotions and consumer behaviour is positive however it is not very strongly correlated and it is a weak uphill positive linear relationship. At a significance level of 0.05 level, the tests for advertising and consumer behaviour stand at 0.125 which fell just short of statistical significance and for sales promotions and consumer behaviour at 0.032, the significance is lower than 0.05 which means that the null hypothesis can be rejected. The results can be interpreted as under:

Hypothesis 1

Null Hypothesis: Advertising does not significantly impact the consumer behaviour

Alternate Hypothesis: Advertising significantly impacts consumer behaviour

Since the p value (0.125) is greater than the significance level (0.05), the null hypothesis is failed to be rejected. In this case, it does not mean that advertising does not significantly impact the consumer behaviour. This means that there is insufficient evidence to conclude that advertising does not impact consumer behaviour. There can be scenarios where advertising can play a role toward the consumer behaviour, however to what extent it is unknown.

Hypothesis 2

Null Hypothesis: Sales promotion does not significantly impact the consumer behaviour

Alternate Hypothesis: Sales promotion significantly impacts consumer behaviour

Since the p value (0.032) is less than the significance level (0.05), the null hypothesis is rejected and the alternate hypothesis is accepted. This means to say that sales promotions does impact the consumer behaviour.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.282 ^a	.079	.057	.84738

a. Predictors: (Constant), SALE PROMOTION, ADVERTISING

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.073	2	2.536	3.532	.034 ^b
	Residual	58.880	82	.718		
	Total	63.953	84			

a. Dependent Variable: CONSUMER BEHAVIOR

b. Predictors: (Constant), SALE PROMOTION, ADVERTISING

The results of the ANOVA are depicted in the table above. Consumer behaviour is the dependent variable and the constants are sales promotions and the advertising. The p value generated was 0.034 which is less than the significance level of 0.05. This means the null hypothesis is rejected in both Hypothesis 1 and 2 and the Alternate Hypothesis is accepted. It can be inferred that advertising and sales promotions have an impact on the consumer behaviour of the individuals.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.330	.518		2.568	.012	.468	2.192
	ADVERTISING	.308	.206	.159	1.495	.139	-.035	.651
	SALE PROMOTION	.367	.172	.226	2.134	.036	.081	.653

a. Dependent Variable: CONSUMER BEHAVIOR

The coefficients of the correlation at the significance level of 0.05 for advertising and sales promotions can also help analyse the hypothesis. Since the p value for advertising is 0.139 which is greater than 0.05 the null hypothesis is failed to be rejected which means that there is insufficient evidence statistically to prove that advertising affects consumer behaviour. On the other hand, the p value for sales promotions is 0.036 which is lower than 0.05. The null hypothesis is rejected.

Chapter 5

Interpretations

It is evident from the current market scenario that consumer behaviour studies are an important part of any organisation's marketing strategy. Marketers need to study the psyche of the consumer in detail to understand the reasons that go behind the purchase of the product. Only after thoroughly monitoring the consumer behaviour over a period of time do marketers come up with the right mix of their marketing elements to strike the right cord to the consumer and achieve their end goal of profits. Millions of money is spent on the promotional activities of any organisation in order to occupy the top of the mind slot of the consumer. Out of all the promotions mix elements, advertising and sales promotions of the companies are the two major ones which occupy a fat share of the overall marketing budget as they show tangible results in terms of an increase in sales. Sales promotions and advertising activity results are pretty much measurable in terms of profit, customer satisfaction and sales. The reason why these promotion activities are undertaken by firms is to induce an increase in the sales of the company by way of increased purchases from the consumers' end.

The effect of the consumer behaviour towards the advertising and sales promotions is different according to the products. There have been many studies which have been conducted in the past to show the influence of the promotions strategies on the consumer behaviour in each sector. However very less research has been conducted to compare the influence of these promotional activities among various important industries of the Indian economy. Hence this research was conducted to find out the impact of the consumer behaviour towards advertising and sales promotions in the FMCG and the Automobile sectors of India. A sample of 85 people was chosen to conduct this research. Based on the data generated and analysed some crucial information can be inferred from this research which is presented below:

1. In the world of information explosion today, technology has become the main driver of information disbursal. Digital rules the world today. With India's increased internet connectivity and mobile penetration, today the world of digital is the winner across all the categories. When asked about the medium in which the consumers view the advertisements, the answer was digital by majority of the

males. A major chunk of the females though still preferred television advertisements. In the age group of 18 to 35 year olds, internet advertising was the most popular medium of watching the advertisements followed by television. The print, radio and outdoor mediums were least common in this category.

2. About more than 60% of the sample size was exposed to advertisements on daily basis across the mediums of internet and television. There is a declining trend towards print, radio and outdoor media of advertising. There was a miniscule part of the sample which said that they were never exposed to advertisements.
3. Conviction in the advertisements was not strong enough for about 43% of the population. This is a big number to watch out for the marketers as the belief in the marketing messages. This is a red flag to change the marketing messages to increase the belief of the potential consumers.
4. Over 63% of the participants mentioned that they advertisements they saw aided them in better product recall compared to 13% who mentioned that advertisements aroused interest in them. Arousing interest is a crucial step according to the AIDA theory of advertising to move the consumer from the creating awareness stage to the final purchase stage. Marketers in the FMCG and the Automobile industries need to pay attention to this aspect of the consumers' mind and design the advertisements in such a way that they prompt the purchase.
5. Moreover 60% of the survey participants mentioned that they purchased a product after watching its advertisement. This is a thing to rejoice for the marketers.
6. About 35% of the population surveyed mentioned that they bought the product because they were curious about it and wanted to try it. The majority of the population demographic is in the age group of 18 to 35 years. Their spirits are high, their mind is adventurous and they don't mind exploring new products. This is a good opportunity to make product innovations and serve then to the adventurous palate of the young consumer. About 31% of the sample was impressed by the advertisements and hence purchased the product which retreated the fact that advertisements are still important to induce the purchases. 18% of the sample was already aware about the product beforehand and had made up his or her mind to purchase that product which can be a result of the earlier promotion exercises of the marketer.

7. Sales promotions are the sales increasing innovative schemes used by marketers. Nearly 59% of the candidates surveyed mentioned that they had bought a product based on the sales promotions. However the nearly about 54% said that they purchased the same quantity they needed and only 38% mentioned that they purchased more than was necessary due to the ongoing sales promotions schemes. One reason towards this skewed behaviour can be that the majority of the population are students who thrive on minimal resources and hence purchase only what is required.
8. The most popular sales promotion scheme in the FMCG and Automobile sector across all the different strata of the sample was a direct discount at 67% and 73% respectively. Exchange offer did not have any significant impact in the FMCG sector where as about 19% of the participants mentioned that their preference was exchange offer as a sales promotion scheme. In the FMCG sector a BOGO scheme was preferred by 31% of the total participants.

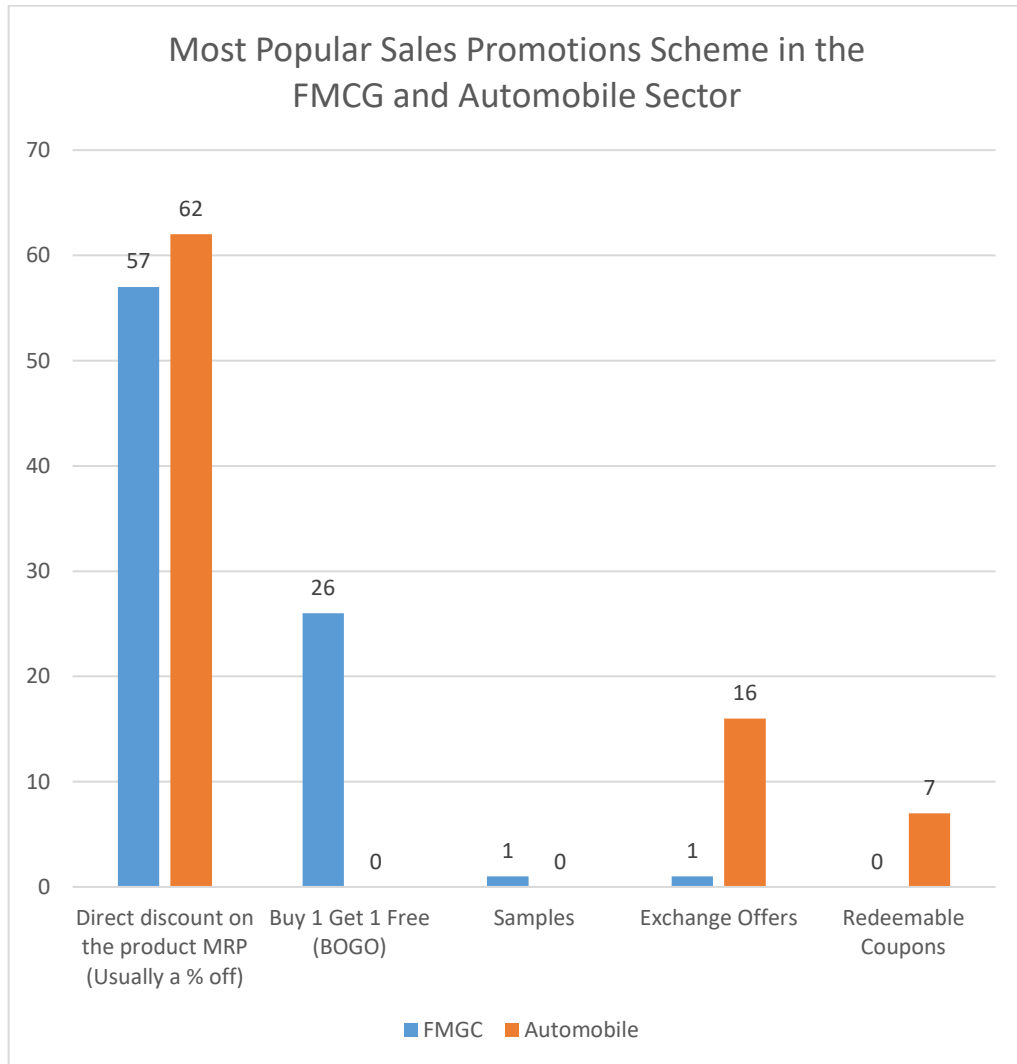


Figure 19: Sales Promotion Schemes in FMCG and Automobile Sector.

Source: Prepared by researcher

- It is extremely crucial that the information about the sales promotion schemes in the FMCG and the Automobile sector reach the consumer through the medium that they prefer the most. The data gathered from this survey shows almost similar trends in both of the sectors studied. Digital media is the most popular followed by traditional media, word of mouth, outdoor advertisements and information by sales personnel. It is imperative that the marketers advertise about the sales promotions in the digital and the traditional media to gain the maximum traction.

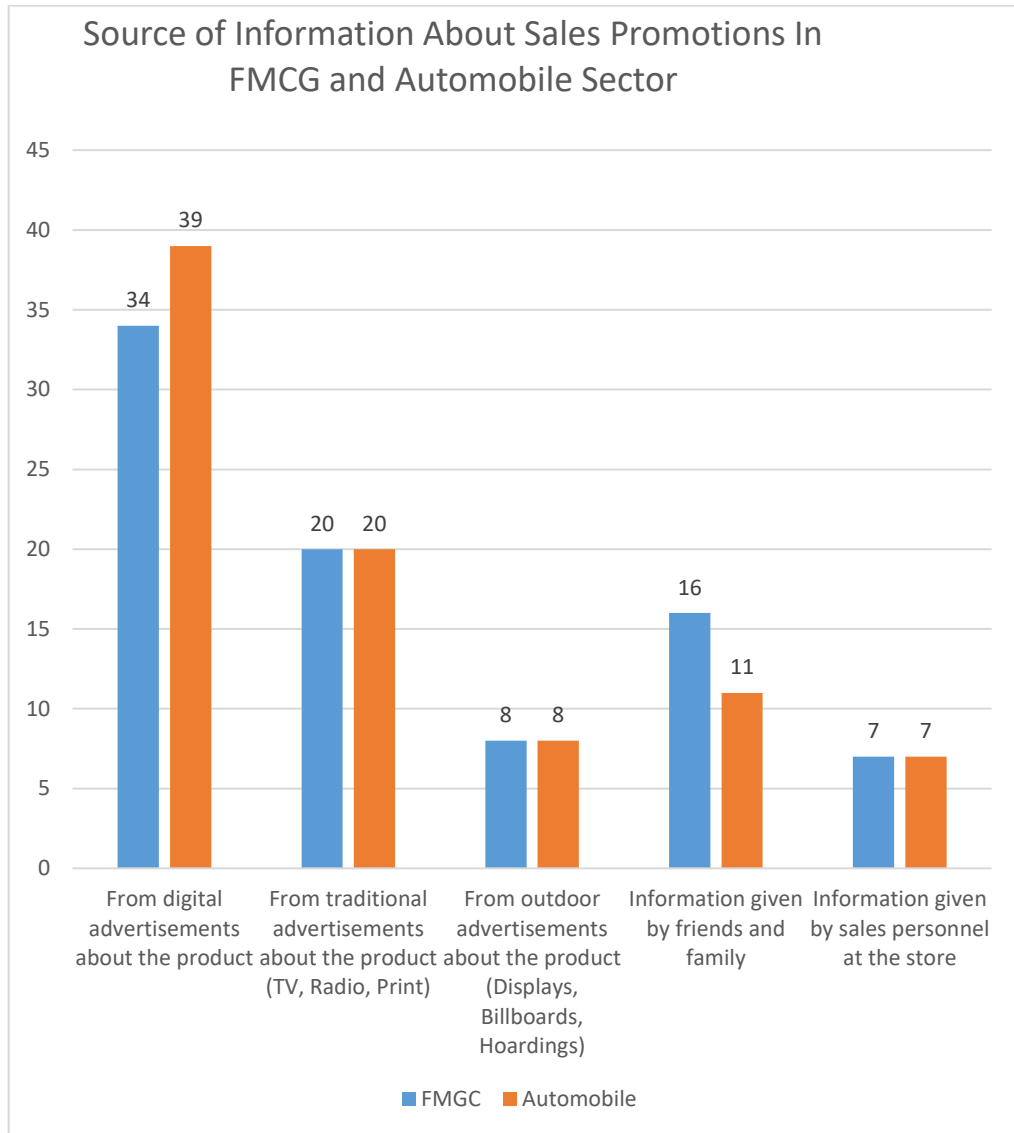


Figure 20: Source of Information About Sales Promotions in FMCG and Automobile Sector.

Source: Prepared by researcher.

10. Product satisfaction is the most common reason cited across the survey participants in both the FMCG and Automobile sectors. Advertisements and sales promotions definitely fulfil the goal of dissemination of information, creating brand value and increasing short term sales but the percentage of people who responded that they bought the product due to advertisements and sales promotions in both the categories is 24% and 21% in FMCG sector and 21% and 16% in the Automobile segment respectively. On the contrary price was the second most important factor that influenced the respondents to buy the product. 25% of the participants in the FMCG sector and 27% in the Automobile sector

attributed their purchase to the price of the product. Hence it can be inferred that marketers in both the sectors need to concentrate their efforts towards building satisfactory, good quality products which provide a great value for money. The results of this survey confirm to the earlier researches done in various parts of the world which showed that advertising and sales promotions do not have much significance towards moulding the consumer to purchase a product. The main drivers are already set in the order of priority in the 4 Ps of the marketing mix which place the product first, the price second, the place third and the promotion the fourth. The figure below shows the important parameters which drive the purchases in the FMCG and the Automobile sector.

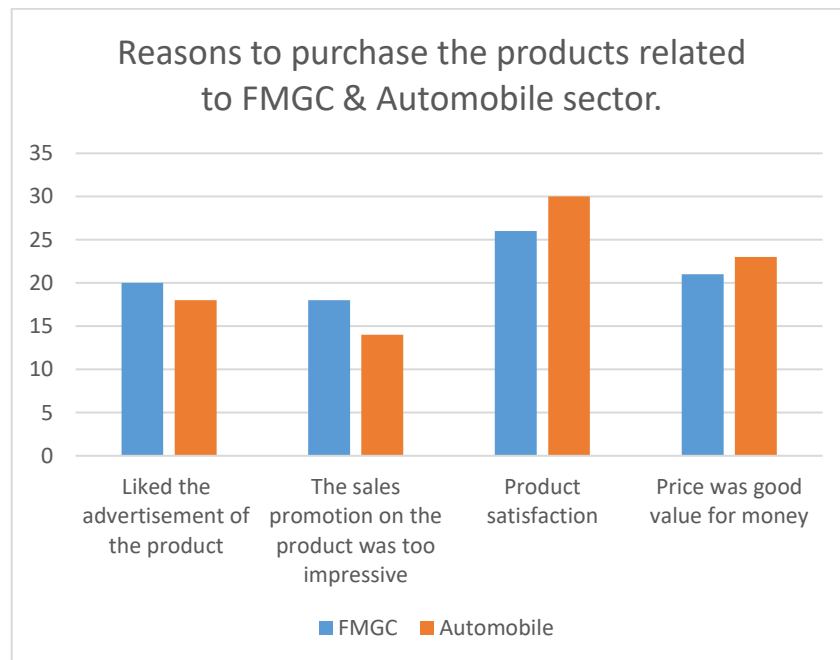


Figure 21: Reasons to Purchase the FMCG and Automobile Products.

Source: Prepared by researcher

Chapter 6

Conclusion and Recommendations

6.1 Conclusion

Promotions in the form of advertisements, personal selling, publicity, sales promotions and direct marketing permeate in any organisation today. However it is extremely imperative that the messages directed at the consumers' mind strike the right cord so that it induces action in the form of purchase behaviour. Hence it becomes vital that the marketers study the behaviour of the consumers' related to their products so that an appropriate marketing mix toolkit is created that is appropriate for the consumer. A study of the consumer behaviour gives the necessary insights into the minds of the consumers and reveals what elements of the marketing mix affect the consumers the most in the selected product category. In this research promotional mix elements of advertising and sales promotions were studied in and their influence was evaluated against the consumer behaviour. It turns out that the companies spend lots of money on advertising and sales promotions but they do not have far reaching impacts on the sales of the organisation. This claim is corroborated by this research as well where it was found that the factor that affected the product purchase the most in the FMCG as well as the Automobile sector was product satisfaction followed by value for money and lastly advertising and sales promotions.

Digital media was the most popular medium of advertisements followed by television. Print, radio and outdoor advertisements have lost their relevance to the digital media over the years in India. The most popular choice of the sales promotion schemes was a discount on the price which is usually some percent off. The study throws some light on the similarities of the consumer preferences towards advertisements and sales promotions in the FMCG and the Automobile sector of India. It gives a general idea that even though advertisements and sales promotions are not the highest contributors to entice a customer into a purchase, they are an inevitable part of any marketer's game plan as they subconsciously enhance the product recall and arouse interest as well as stimulate purchases.

From the Hypothesis Testing done using ANOVA both the Alternate hypothesis were accepted which means that both advertising and sales promotion have a significant influence on the consumer behaviour in FMCG and Automobile industry .

6.2 Recommendations

The Indian FMCG and the Automobiles sectors are the highest grossing sectors contributing a major share towards the annual spend of the country. Advertisement and sales promotions schemes expenditures are also the highest in these sectors as depicted in the literature review section of this report. Previous studies as well as this research show that even though huge capital investments are made in advertisements and sales promotions campaigns in the FMCG as well as the Automobile sector, they fail to be the top reason for purchase of the product in either the FMCG sector or the Automobile sector. On the contrary, it is product attributes and value for money which top the game. In order to make sure that the expenditures on these inevitable promotion elements generate a good ROI in terms of increase in sales, here are some recommendations which can be used in the FMCG and the Automobile sectors in India:

1. In this digital world, where internet and mobile penetration is at its peak in India, the consumers are getting digital in every possible way. FMCG as well as the Automobile companies need to meet the consumers in the digital world. Product awareness as well as product engagement need to happen digitally through the use of social media channels, emails, blogs and any other medium that the consumer engages in. Some of the ways in which the consumer can be engaged are as follows:
 - a. The consumers need to be addressed personally with the help of stories and campaigns. This allows the brand to gain visibility as well as it is spread through the word of mouth.
 - b. Video content can be used to pass on the message about the brand.
 - c. The FMCG as well as the automobile companies can collaborate with online influencers to increase their brand value.
 - d. The products need to be easily available online for immediate sales. This might not be practically feasible for the automobile industry, but they should provide enough information so that the consumer is convinced to buy their brand product.
 - e. India is a huge country with a multitude of languages. The content of the messages can be personalized in vernacular languages to enhance their effectiveness.
 - f. Brands that take a stand on current social issues and display them are rated high in the minds of the digital consumer.

2. The millennial consumer of today is adventurous. He or she does not mind trying new things especially in the FMCG segment. During the survey many participants mentioned that the advertisement of the product made them curious to try the product and hence they purchased it. This mind-set of the consumer is a huge opportunity for new brands to step up and make a mark for themselves. The established brands also can come up with new and captivating innovations and make new product niche segments to increase their profits.
3. In the automobile segment, the ball game is a little different. Since purchasing an automobile is a huge financial decision, a lot of research takes place before the sale actually happens. The key is to get into the mind of the consumer when he is in the searching alternative stage and lure him to the automobile store where the actual sale happens. Digital is the answer here as well. Consumers need to be aware about the brand online and know the features of the automobile that they are interested to buy. After occupying the top slot in the mind of the consumer, it is the duty of the sales promotions to tempt the visit to the store by showing a sense of urgency.
4. The automobile companies can use various different promotions to bribe the customers into sales. Some of the most popular ones apart from the regular discount offs and exchange offers are free car services along with pick up and drop off the cars, free oil changes, free automobile accessories and many more.
5. Automobiles generally mean two wheeler bikes and scooters and four wheeler cars. In this segment the purchase is not impulsive as with the FMCG goods. A lot of research and features and price deliberation takes place before money is shelled out. Car or scooter supermarkets can be a good idea to showcase all the brands makes and models in one particular place to compare the prices and the features.

Implementing some of these recommendations can help marketers stay on the top of their games and drive sales and profit. It is a fact that consumer behaviour keeps on evolving. What is relevant today might be totally obsolete a few years down the line. It is necessary for marketers to keep on studying the consumer behaviour of the consumers in the FMCG as well as the Automobile segment and customize their advertising messages as well as sales promotions in a manner which fulfil the goal of the organization. There is still further scope for future studies in this ever evolving competitive consumer landscape who is influenced digitally.

Chapter 7

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Appendix

Google Forms Link to the Questionnaire

<https://docs.google.com/forms/d/e/1FAIpQLSc2isqfDr7MCMP-XpF5WTdpux9QWnTD92-rsR6RRNp6ArHcxA/viewform>

Global Advertising Industry – Fast Facts

As technology grows, the advertising landscape is continuously changing. Internet based advertisements have gained more popularity over the years. Some of the interesting findings of the global advertising industry are as follows:

1. Global advertising spending will grow 6% to \$656B in 2020.
2. The retail industry will remain the biggest ad spender in 2020, spending \$65.4B.
3. Digital advertising spending worldwide is estimated to grow from \$283B in 2018 to \$335B in 2020.
4. Google's share of the global advertising market will be 23% in 2020.
5. Global mobile internet advertising is likely to be worth \$247B by 2020.
6. TV still attracts over two-thirds of advertising investment in the food and soft drinks sector.
7. Word of mouth marketing drives \$6T of annual consumer spending and accounts for 13% of consumer sales.
8. Targeted advertising statistics show that almost 60% of digital FMCG advertising is wasted.
9. An average child is exposed to over 40,000 commercials on TV every year.

Influence of Advertising & Sales Promotion on Consumer Behavior in India

Hi! I am a student pursuing my Msc in Business Administration conducting a survey to study the influence of advertising and sales promotions on consumer behavior in India. I will be grateful to you if you can take out five to ten minutes of your time to fill out this small questionnaire. Your responses will remain confidential and they will help me analyze the impact of marketing strategies on the consumer behavior of the people in India.

* Required

Demographic Profile

1. Please select your gender *

Check all that apply.

- Female
- Male
- Others

2. Please select your age *

Check all that apply.

- 18-35 Years
- 36-50 Years
- 51-65 Years
- 66-Above Years

3. Please select your educational qualification *

Check all that apply.

- Secondary (Class 10)
- Higher Secondary (Class 12)
- Graduate (Bachelors)
- Post Graduate (Masters)
- Others

4. Please select your occupation *

Check all that apply.

- Student
- Salaried
- Self Employed
- Business Owner
- Home Maker
- Retired

5. Please choose your geographical area where you currently reside *

Check all that apply.

- North India
- East India
- West India
- South India

Life
Style

The basic idea of the questions on this section is to gauge the effectiveness of advertisements and sales promotions on the consumer behavior. The researcher is trying to observe patterns of consumer behavior in the FMCG and Automobile sector in India.

The FMCG sector in India is characterized by three sub categories which are household & personal care, health care and food & beverages.

The automobile sector is characterized by the presence of two, three and four wheeler vehicles in India.

6. Which media of advertising attracts your attention the most? Please select any one option. *

Check all that apply.

- Internet
- TV
- Print
- Radio
- Bill Boards & Hoardings

7. How often are you exposed to these advertisements? *

Check all that apply.

- Never
- Daily
- 2-3 Times Per Week
- 2-3 Times Per Two Weeks

8. Do you believe in the advertising messages? *

Check all that apply.

- Yes
- No
- Maybe

9. In what way has advertising influenced you? *

Check all that apply.

- Better product recall
- Better exposure
- Positive impression
- Aroused interest

10. Have you purchased any products recently after viewing their advertisements? *

Check all that apply.

Yes

No

11. Which of the following influenced your recent purchase? Please select any one option.

*

Check all that apply.

I was impressed by the advertisement of the product

I was curious about what the product was and wanted to try it

I wanted to imitate the celebrities in the advertisement

It was a familiar product brand

I was already planning to buy that product

12. Have you purchased a product based on its sales promotion schemes? *

Check all that apply.

Yes

No

13. Considering the fact that you purchased a product recently based on the sales promotional activities, please choose any one of the following *

Check all that apply.

Purchased more than what I need

Purchased the exact amount that I need

Purchased less than what I need

14. Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to FMCG products. Please select any one option. *

Check all that apply.

- Direct discount on the product MRP (Usually a % off)
- Buy 1 Get 1 Free (BOGO)
- Buy 1 Get Another Free
- Redeemable Coupons
- Samples
- Exchange Offers

15. Marketers use many different techniques of sales promotion. Here are some of them. Please choose the one that you like the most with regards to Automobile products. Please select any one option. *

Check all that apply.

- Direct discount on the product MRP (Usually a % off)
- Redeemable Coupons
- Exchange Offers

16. How did you come to know about the promotion on the product while purchasing FMCG product? Please select any one option. *

Check all that apply.

- From digital advertisements about the product
- From traditional advertisements about the product (TV, Radio, Print)
- From outdoor advertisements about the product (Displays, Billboards, Hoardings)
- Information given by friends and family
- Information given by sales personnel at the store

17. How did you come to know about the promotion on the product while purchasing an Automobile product? Please select any one option. *

Check all that apply.

- From digital advertisements about the product
- From traditional advertisements about the product (TV, Radio, Print)
- From outdoor advertisements about the product (Displays, Billboards, Hoardings)
- Information given by friends and family
- Information given by sales personnel at the store

18. Can you please let me know your reason for the purchase of the product which is related to the FMCG Sector (Household & Personal Care, Food & Beverage, Healthcare)? Please select any one option.

Check all that apply.

- Liked the advertisement of the product
- The sales promotion on the product was too impressive
- Product satisfaction
- Price was good value for money

19. Can you please let me know your reason for the purchase of the product which is related to the Automobile Sector (Two Wheeler, Three Wheeler, four Wheeler)? Please select any one option.

Check all that apply.

- Liked the advertisement of the product
- The sales promotion on the product was too impressive
- Product satisfaction
- Price was good value for money

End of survey!! Thank you very much for your precious time.