

# A Study on the Impact of Advertising on the FMCG Industry in India

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**Abstract-** The efficacy, moral ramifications, and societal impacts of advertising tactics used by FMCG (fast-moving consumer goods) companies in the Indian market are all examined in this research. It seeks to identify the societal effects of advertising on consumer behaviour and cultural norms, investigate ethical issues related to advertising content, and evaluate the return on investment (ROI) of advertising expenditure through a thorough examination.

**Key words:** India, FMCG, ethical concerns, advertising efficacy, and societal impacts.

## INTRODUCTION

The study of advertising in the Fast-Moving Consumer Goods (FMCG) industry offers a comprehensive analysis of the intricate world of advertising strategies, techniques, and their noteworthy effects in a market recognized for its energy and intimate connection to customers' daily lives.

It provides a comprehensive analysis of the FMCG advertising landscape, including well-known brands, emerging trends, and the range of media platforms that these companies employ to promote their products.

Consumer behaviour, a crucial element of the FMCG industry, is thoroughly examined to discover how consumer preferences and habits affect the advertising efforts of FMCG companies. This necessitates a thorough analysis of the manner in which different advertising tactics influence and appeal to consumer decision.

The paper goes into great detail about how the FMCG advertising sector has been completely transformed by the digital age. This covers the ways in which digital technology has transformed society, focusing on the development of e-commerce, the role of social media, and the use of data-driven marketing strategies.

## LITERATURE REVIEW

In "Advertising Decisions and the Long Run Effects of Advertising," *Hise and Strawser (1976)* examine the long-term effects of advertising and highlight how they affect consumer behaviour. They classify the lag effects of advertising into two categories: delayed reaction and consumer hold-over effects. This emphasises how crucial it is to view advertising as an investment rather than an expense. The authors bemoan the widespread disdain for these temporal factors in advertising decision-making, which can result in worse decision-making efficacy and profitability.

According to research by *Kenneth D. Bahn (1986)* on consumer preferences and brand perception, children form preferences based on their perceptions of the positive impacts of stimuli and their sensory experiences. Brands are grouped based on desirable attributes that are influenced by emotional and cognitive development. The study sheds light on the complex process of children's brand preference creation by identifying several aspects impacting brand perception through scalable research methodologies.

The essential significance of advertisements in affecting brand attitude and purchase intention is highlighted by *Scott B. MacKenzie and Richard J. Lutz's (1989)* notion of attitude towards the commercial. According to this hypothesis, a person's inclination towards an advertisement influences how they react to it when they see it, which in turn shapes their attitude in general. The study emphasises the significance of comprehending multiple causes beyond basic impressions of the advertisement in moulding attitudes towards it through empirical testing and subsequent improvement.

*Byzalov and Shachar (2004)* investigate the idea that exposure to advertisements can increase consumers' propensity to buy marketed goods, especially for consumers who are risk averse. According to their risk-reduction approach, consumers' fears are allayed by educational advertising content, which lowers the perceived risk of the product. Consumer risk preference, message accuracy, product familiarity, consumer sensitivity to product features, and the product variety offered by multiproduct enterprises are some of the aspects that affect this model's efficacy. Their research, which is based on television shows, finds both a direct advertising impact and a sizable and statistically significant risk-reduction effect.

The study by *Wanninayake and Pradeep Randiwela (2008)* uses secondary data from pertinent published sources in addition to primary data from a sample survey conducted in three districts of the western province to examine consumer attitudes towards eco-friendly FMCG products and their willingness to pay. The purpose of the study is to determine how four value-added categories—product design, packaging, location, and promotion—affect consumers' propensity to buy environmentally friendly products.

Advertising, according to *Anand and Shachar (2011)*, acts as a "matchmaker" to bring customers and products together, particularly in situations where consumers are apprehensive. Their study emphasises how advertising informs customers about product attributes and improves their fit with things. It focuses on the network television sector. Advertising's contribution to this matching process is anticipated to increase as product offerings rise, both in terms of its direct utilitarian impact and its informational effect.

*Mahapatra Sabita (2012)* The study "Impact of TV ad Message Using Emotional versus Rational Appeal on Indian Consumers" looked at the cognitive and emotional effects that ads have on viewers. The purpose of the study was to ascertain how television ads impacted Indian consumers. The author assesses the emotional and rational appeal of TV ads using a few FMCG and consumer durable products.

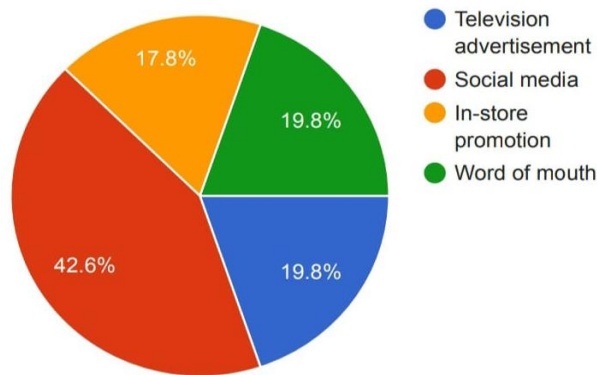
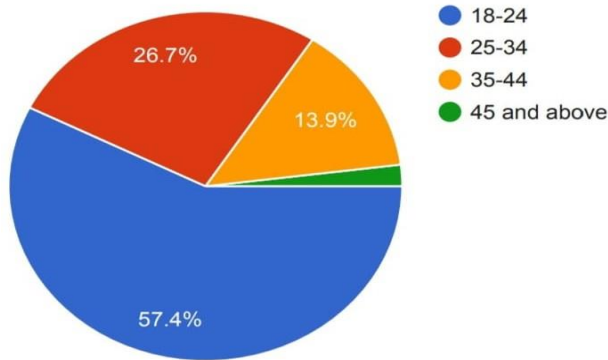
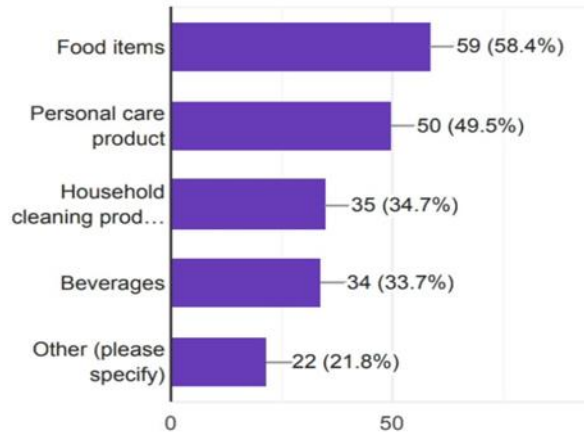
Positive opinions of firms' environmental initiatives are revealed by *Fei Xue's (2014)* study on Chinese consumers' impressions of green imagery in advertising. Ads with green images elicit greater

positive responses from consumers, and spoken environmental remarks help people connect with green products even when there are no visual clues present. Remarkably, for low-involvement products, the effect of green visuals is stronger than for high-involvement products.

## RESEARCH METHODOLOGY

With the use of standardised questionnaires, a random sample of Indian customers from a range of demographic backgrounds would be questioned. Demographics, purchasing patterns, views on advertising ethics, trust in FMCG brands, and brand loyalty are all included in the questionnaire. Likert-scale inquiries make quantitative analysis easier. Power analysis will be used to establish sample size and guarantee statistical validity. Relationships will be investigated using descriptive and inferential statistics, such as regression and correlation analysis. In order to get a variety of viewpoints, a subset of participants from the quantitative phase will participate in semi-structured interviews through deliberate sampling. These interviews explore the underlying beliefs, attitudes, and motives that influence consumers' perceptions of FMCG companies and advertising ethics. Combining quantitative and qualitative data will enable a thorough comprehension of the study questions. Contextualising qualitative findings with quantitative data—which show statistical proof of relationships and correlations—allows for a greater understanding of how advertising affects consumer behaviour and the FMCG industry in India.

Consumer surveys will be used to gather primary data, which will be complemented by secondary data from publications published by the government and business associations. The theoretical framework will be informed by reports from the industry and academic research, which will also offer real-world examples. A representative sample of FMCG consumers in India will be ensured through the use of non-probability (convenience sampling) and probability (stratified random sampling) methodologies. Quantitative information about Indian consumers' attitudes, actions, and perceptions of FMCG advertising will be gathered through a standardised questionnaire.



### DATA ANALYSIS

1. The majority of FMCG customers (58%) are between the ages of 18 and 24, suggesting that a younger demographic is in control of the market.
2. The preference for weekly purchases over daily (24%) or monthly (29%) buying patterns indicates that customers have a regular shopping routine.
3. The most popular products (34%) are personal care items, indicating that consumers prioritise convenience and wellbeing.

4. Traditional channels such as word-of-mouth and television are surpassed by social media (53%) as the key medium for brand exposure.
5. A considerable preference (43%) has been seen for ads that are distinctive to a region or culture, indicating the significance of using personalised marketing methods.
6. Even though only 40% of people believe that commercials are genuine, ads have a significant impact on consumers' purchase decisions; 57% of them change their buying patterns, and 58% switch brands.
7. Notably, 25% of respondents give advertising a very high impact, demonstrating its significant influence over purchasing decisions.
8. In order to increase consumer engagement and loyalty, FMCG companies must employ strong, transparent, and targeted advertising strategies that make use of social media and take local preferences into account.

### FINDING

The data analysis provides insightful information on customer behaviour in a number of areas. It shows that consumers between the ages of 18 and 24 make up the majority of the market, indicating the necessity for specialised marketing techniques, especially on social media and digital platforms. The popularity of personal care products emphasises important areas for product development and marketing concentration, while weekly purchasing patterns among respondents underline the significance of consistent brand engagement. Ad effectiveness is greatly impacted by social media, which emphasises the importance of having strong digital marketing tactics.

Furthermore, the focus on moral issues while making judgements about what to buy indicates a move towards conscious consumerism, which calls for open and sustainable company practices. But the research also shows a degree of mistrust towards advertising openness, which highlights the significance of promoting veracity and honesty in marketing messages. All things considered, these results highlight how complicated customer behaviour may be and how crucial it is to comprehend and take advantage of many aspects in order to successfully customise marketing strategies.

## CONCLUSION

The study's result highlights the dynamic nature of consumer preferences and highlights a move towards scheduled, less frequent FMCG purchases. Continuous expenditures in digital strategies are required due to the dominating force of the digital evolution, especially in social media. The balance between switching and brand loyalty highlights how crucial it is to preserve a strong brand identity while accommodating shifting consumer preferences. Transparent and moral marketing strategies are necessary since ethical issues have a big influence on consumer decisions. Possibilities include using customer feedback for iterative changes, fostering cross-platform synergy, and encouraging online interaction. It is important for brands to navigate the competitive landscape while acknowledging the variations in regional tastes. Sustained success in the dynamic FMCG industry requires long-term relationship building and a planned advertising mix that takes emotional appeal, product characteristics, and ethical considerations into account.

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