

**IMPACT OF ADVERTISEMENT ON CONSUMER  
BUYING BEHAVIOUR  
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DIST: JAGTIAL**

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## ABSTRACT

In an era of high degree of competitiveness, if there is one prerequisite to give businesses a competitive edge, it is the need to advertise effectively and efficiently. Since so much money is being devoted to advertising, analysing its impact remains vital for firms, especially for those forming part of the collusive oligopolistic market of soft beverages, where advertising helps in making the difference in the market place. This paper mainly analyses the degree of influence advertising has on consumers' buying behaviour, with particular reference to Coca-Cola advertisements. The methodology used in the study consisted of a survey on a sample of 150 respondents, and the finding revealed the positive impact of advertising on consumption level in the soft beverage market of Mauritius. It was concluded that nowadays, it is important to sustain customer's loyalty to a company's product, hence the need to develop appropriate advertising strategies like brand equity to prevent consumers from turning unloyal to the brand.

Keyword: Advertising, brand, impact, soft drinks industry.

## Introduction

Like in most countries, in Mauritius, giant oligopolistic companies such as Coca-Cola or Pepsi-Cola are pouring millions of rupees every year in advertising, for they believe it is an unfailing if not a reliable way to promote their products, their brands, their organisation and to reap massive profits. Since so much money is being devoted to advertising, analysing its impact remains vital for firms, especially for those forming part of the collusive oligopolistic market of soft beverages, whereby advertising helps in making the difference in the market place. Does advertising really have an impact on consumers nowadays? If advertising is not prompting consumers to purchase a soft beverage, why is the Coca-Cola Company spending so much money on advertising? This study will contribute to the academic literature by revealing the degree of influence advertising that has on consumers' buying behaviour. No research has been previously carried out to uncover the role of Coca-Cola advertising in purchasing decisions. The study will also help to position Coca-Cola advertising against Pepsi advertising in the Mauritian market and to understand the views and perceptions of Mauritians on Coca-Cola advertising.

The structure of the paper is as follows. The paper first reviews the fundamentals and core concepts of advertising. The main research approaches, instruments to be adopted and the types of data to be collected for this specific research are then outlined in the methodology section. This is followed by sections on data analysis and findings, discussion and conclusion.

## **Literature Review**

### **2.1. The purpose and importance of advertising**

The immediate purpose of advertising as Rodger (1996) clearly described, is not to physically bring buyers and sellers together but to communicate sales motivating information, ideas, and suggestions to particular target prospects or consumers with a view to increase the likelihood of a sale. According to Kotler and Keller (2006), advertising can be used to create brand awareness and provide specific information about new products and services (informative advertising) and to encourage consumers to buy the product being advertised rather than those of competitors (persuasive advertising). To Gultinan and Paul (1991), advertising can be used to reassure customers that they are using the best product or service (reinforcement advertising).

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It is important for advertisers to understand the advertising communication process so as to establish the advertising objectives in line with the receiver's response. In addition, advertisers can carefully select the most appropriate media mix to deliver the message to the target audience. Indeed, if consumers view communication in a specific medium as disturbing, it may negatively change the attention to and the perception of the message (Heinonen and Strandvik, 2005). Furthermore, in advertising, the element of feedback is important to ensure that the target audience has received the message accurately.

### **Standardisation versus localisation**

Coca-Cola is a global brand which is promoted in several countries. Since the company is operating on the global platform, there is need to find out the most effective advertising strategies. Marketers are faced with two advertising strategies here: standardisation versus localisation. One of the benefits of standardisation is the lowering in costs through economies of scale. In addition, if a company is using the standardisation strategy, it means that it will be communicating the same ad message in many countries, thus easing the coordination process of the marketing tools and avoiding confusion among consumers who travel frequently (Papavassiliou and Stathakopoulos, 1997). However, proponents of localisation argue that there is a need to localise because of the existence of differences in buyers' behaviour, disparities in purchasing power and the different competitive situations of different countries (Schuh, 2007). Hence, advertisers need to consider that buyer behaviour is influenced by the country's culture, which is not the same everywhere. By integrating the message locally, the ad has a greater chance of success. If not managed properly, this strategy may nevertheless result in a loss of the brands' global image (Anon, 2006).

Both strategies have their own advantages. The best strategy is difficult to determine. However, "the reality of global advertising suggests that the contingency approach is the best" (Wells *et al.*, 2003, p.517). This represents a combination of factors influencing the

standardisation and localisation approach. The contingency approach is the one adopted by Coca-Cola where it is known as the "glocal" approach - globalisation and localisation (Anon, 2006).

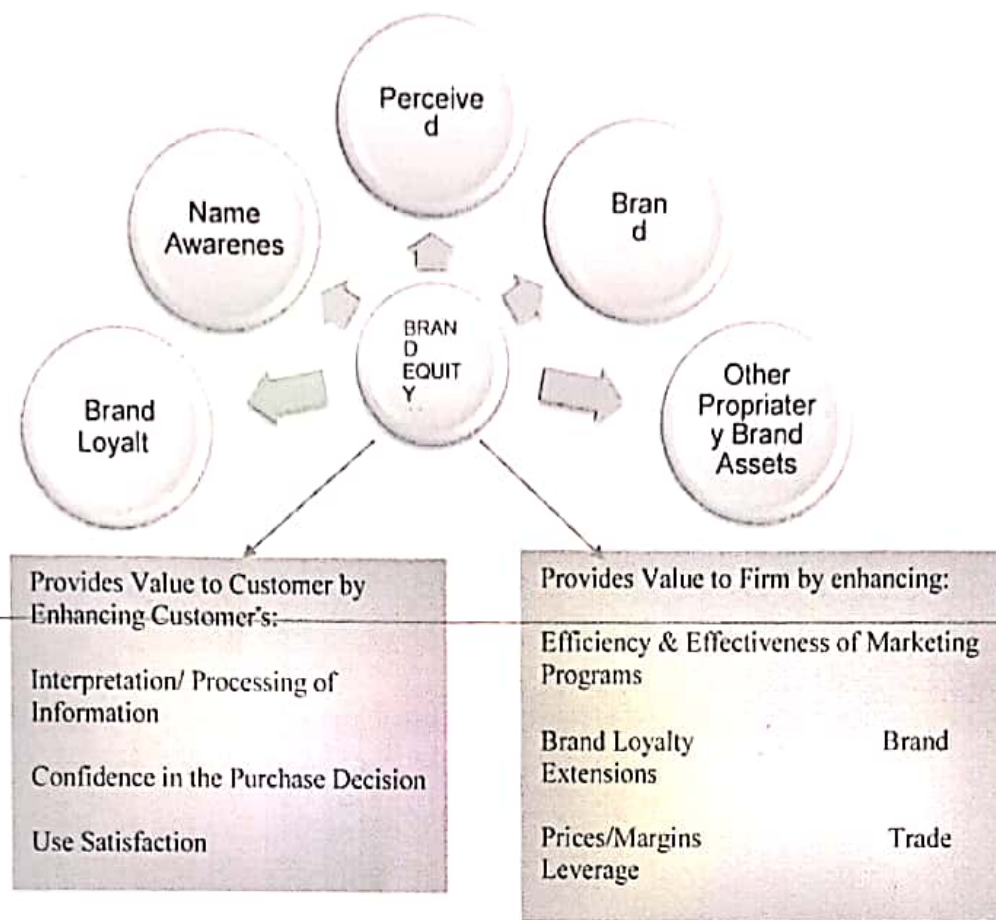
#### **Advertising and consumer behaviour**

The advertising message has a great influence on the decision-making process of consumers. Normally when consumers are exposed to advertising, a portion of their long-term memory is activated thereby, stimulating the buying behaviour (Papavassiliou, 1989). Consumers may process the advertising message in two ways. They may either process the information to come up with an overall evaluation of the brand being advertised or they may simply enjoy the entertainment facet, thus hindering the evaluative aspect of the ad (Papavassiliou, 1989).

#### **Branding and consumer behaviour**

According to Meenaghan (1995), consumers are influenced by the intrinsic values, which are centred on the quality of the product and the extrinsic values, which originate from the brand imagery created by advertising. Coca-Cola is the leader in the soft beverage industry and this success is mainly attributed to the company's ability to build relevant and appealing images around the product, hence creating a brand difference (Kotler and Keller, 2006). In fact, to become the market leader, Coca-Cola has also optimised on brand equity as a tool to influence consumer buying behaviour. Normally, brand equity includes brand strength, which measures the degree of attachment consumers hold towards a brand and brand attachment, which is the set of attitudes consumers hold towards a brand (Wright and Nancarrow, 1999).

Consumers prefer high-equity brands such as Coca-Cola because they can easily interpret the brand benefits of the product, feel more confident of branded products, and obtain more satisfaction from its usage (Batra *et al.*, 2005). Strong brand equity is beneficial because the company can better retain the customers; service their needs to later help in boosting the company's profitability level (Rajagopal, 2006). It is to be pointed out that Aaker's framework not only relates brand equity to consumers but also to distribution trade (other proprietary brand assets). For instance, one of the reasons behind Coca-Cola's leadership is its incredible worldwide distribution (Batra *et al.*, 2005).



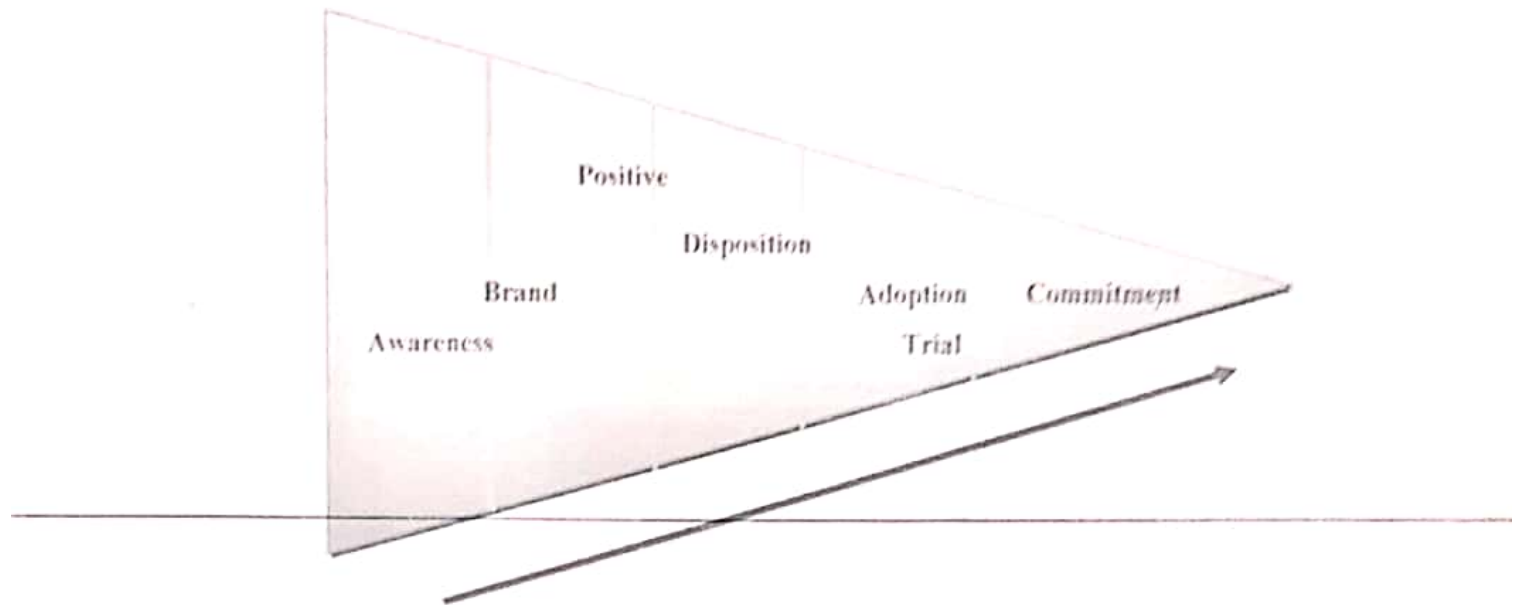
**Figure 1: Aaker's Brand Equity Framework**

Source: Batra et al., 2005, p.318

### **Coca –Cola islands and its advertising strategy**

Situated in Mauritius, Coca-Cola Islands acts as an intermediary between all the Coca-Cola bottlers in various islands and the Coca-Cola Company. The role of Coca-Cola Islands is to give consultancy, technical and marketing support to authorised bottlers found in Mauritius, Reunion Island, Madagascar, Comoros, Mayotte and the Seychelles.

Basing themselves on the AIDA Model, marketing managers at Coca-Cola developed the following "Funnel" Model. As the Brand Manager explained, the model describes the five phases the consumer goes through to become loyal to the product. Advertising objectives are based on these phases. For instance, to create brand awareness, the marketing managers will try to initially inform the potential consumers about the product. Positive disposition relates to the unique selling proposition about the product. After having seen the product being advertised, the consumer is expected to try it, and then adopt it to finally be committed to the product. The aim of such a model is to bring brand loyalty. Hence, advertising strategies are formulated based on this model.



**Figure 2: The Funnel Model**

Based on the above discussion, the following research objectives were to be determined by the study.

- To evaluate the extent towards which consumers are influenced by Coca-Cola advertising in Mauritius.
- To assess the effectiveness of Coca-Cola ads
- To evaluate consumers' perceptions of Coca-Cola ads in Mauritius

The hypotheses to be tested were:

**Null hypothesis 1: Unappealing ads do not have a significant influence on consumers' purchasing decisions**

**Null Hypothesis 2: Advertising does not have a significant influence on consumers' consumption level.**