

## A STUDY ON IMPACT OF ADVERTISEMENT ON BRAND PERCEPTION IN FMCG SECTOR

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### Abstract

*The following paper aims to identify the role of different advertising techniques for FMCG industry in India particularly for its impact on market entry and sales performance. It assesses the customer response to supplementary programs like 'warm stock' store fixtures at some of the retail outlets and 'below the market price' promotions. To explore the distribution channels and study the trading process of various Fast Moving Consumer Goods including shampoos, the findings are based on 15 days of route riding data. A primary data collection survey was carried out through administration of structured questionnaires to measure the current take-up rates of branded products and potential motivational influences to give insights about interactions consumers have with brands and investigate the effects of upgrading of even mature product categories, which though have low market penetration in India offer potential to companies to switch customers from non-branded to branded product. Here we find that even though inflation has posed threats to the economy, and the cost of production is on the rise, FMCG companies are relatively stable because of the flexibility being enjoyed in marketing practices, and distribution channels. One of the principal concerns discussed in the study is that India's FMCG industry still holds vast latent capacity, which demands about US\$ 4 billion investment in food processing industries to maintain the growth rate. FMCG super sector leaders include Hindustan Unilever, ITC, Nestlé, Procter & Gamle, and GlaxoSmith Kline in the multi-national category. But, it is also important to notice that domestic companies such as Tea, Marico and United Spirits and are also gaining competitive advantages by occupying strategic segments and channelling their resources adequately to advertising and brand promotion. Smaller companies tend to offer better returns for investors and better market share than the large conglomerates. With these findings, the study points to the fact that advertising innovation and tailored and digital advertising strategies are important for the sustainable competitive advantage in India's transforming FMCG industry. Nonetheless, the sector is vibrant because of the growth in the mobile subscription rates although, inflation and operational costs have presented certain ordeal to the growth of this sector, a lot of probabilities for both the local and international organizations are present in this media.*

**Keywords:** Advertising Strategies, Brand Perception, FMCG Sector, Consumer Behavior, Market Penetration, Digital Marketing, Brand Loyalty, Sales Growth, Promotional Campaigns, Consumer Preferences

## **Introduction**

As a result, the following paper will seek to establish the role of different types of advertisements on FMCG industry in India with special reference to its effects on market entry and sales. It evaluates the customer reaction to such support programs as warm stock store fixture at some of the outlets and below market price promotions. Thus, for the findings, 15 days of route riding data has been used, to analyze the trading process of different Fast Moving Consumer Goods including shampoos and the distribution channel. An initial data collection survey was conducted through administration of structured questionnaires to assess perceptions of consumers regarding interactive aspects with brands tomorrow and to get preliminary ideas about the motivational factors posing impact in determining the current branded product penetration and ability of even mature product categories in the Indian market though they register low market penetration, in converting the consumer to purchase branded products. And here we discover that despite threats posed by inflation, constant threats to the economy, and increased costs of production, FMCG companies are comparatively more sound due to the liberties they are being allowed in the area of marketing and the distribution channel. One of the key issues highlighted in the study is that India's FMCG industry has unrealised potential that needs investment of about \$ 4 billion in food processing industries to sustain the growth rate.

Some of the multi-national FMCG super sector companies include Hindustan Unilever, ITC, Nestlé, Procter & Gale and Glaxo-Smith Kline. However, it is also noteworthy that many domestic companies including Tea, Marico and United Spirits etc also receive competitive advantages by occupying such segments and investing properly to advertising and brand building. These observations suggest that the Indian FMCG industry needs advertising innovation and also need strategies that can suit the digital platform for the sustainable competitive advantage. Large conglomerates are more vulnerable for competitive pressures compare to smaller companies for better market share returns investor better return. However, the sector has grown due to increase of the mobile subscription rates though inflation and operational costs has pose some challenge to the growth of this sector, many opportunities for both the Domestic and International organisations exist in this media.

## **Objective of the Paper**

Therefore, the main research question for this research will be the exploration of the effects of advertising on brand image and sales increment in the FMCG sector in India. It aims at assessing the impact that companies have placed in advertisement techniques such as promotions, trends in the information technology field advertising, and relevant communication on the consumers' behavior, market coverage, and purchase intentions.

This research aims to:

1. Evaluate the information regarding role of advertisement in increasing consumer attention towards advertised brands and developing its preference.
2. Analyse how sales promotions including lower prices, product demonstration and informational technologies are used to advertise FMCG products.
3. Examine the role of advertising in moving consumers from an unbranded to a branded environment with special reference to semi-urban and rural consumers.
4. Examine the effects of advertisement on the buying behavior, trust and emotions.
5. Offer an analysis of the professed competitive strategies for international and local FMCG players and their dependence on sales promotion for market development.
6. Emphasize the position of social networks and Internet promotion in nowadays advertisement strategies, with appreciation of prompt interaction and consumers' communities.

### **ITC Key Achievements and Recognitions**

The first table focuses on ITC's concerns and successes in the recent years, with its product development. In 2022, ITC used its sectoral strength in agricultural and food value systems to enhance rural linkages, with a focus on 5,000 FPOs using a new application. This endeavour forms part of ITC's strategy of supporting farmers and the rural economy. Furthermore, the company diversified and entered the segment of vegetarian and easily digestible food products by launching alternatives to meat products. MILE 2021 involved the expansion of the product line by DFC food items including milkshakes and cakes which help to expand the company's coverage in food and beverage sector. It gave the company an opportunity to penetrate into the increasing urban consuming public and hence, strengthen its place in India's FMCG Market.

For Sustainable development and Eco friendly products and practices came into limelight in the year 2020 ever before they were adopted. ITC Paperboards targeted at providing sustainable packaging products, while the introduction of Savlon Germ Protection wipe was relevant due to the COVID-19 outbreak. ITC also extended its dairy portfolio by launching Aashirvaad Svasti lassi – a new product addition that would give it more product differentiation. Moreover, it purchased Sunrise Foods Private Ltd., dominantly figured in the Indian spice market, out showing that ITC has ambition to expand through acquisition strategies. As for the financial performance, in the last year, 2019, new technology has been improved considerably, and high-quality products have been developed. It collected a 33.4% stake in Delectable Technologies, a Bengaluru-based startup, to boost the technological incorporations. In addition, Company's new product Fabelle, the world's most expensive chocolate, costing Rs. 4,30,000 per kg, points to its new concepts in marketing communications more particularly in the luxury product segment.

Year	Achievements
2022	Aims to build connections with 5,000 FPOs using expertise in agro and food value chains and a new app.
2021	Introduced milkshakes and cakes, expanding its product portfolio.
2020	Launched eco-friendly packaging options, Savlon Germ Protection wipes, and Aashirvaad Svasti lassi.
2019	Acquired 33.4% of Delectable Technologies launched Fabelle, the world's most expensive chocolate.

### **ITC Industry Recognitions**

The second table revolves round the ITC recognitions and awards, proving that the company has been ranked among the best in the world. ITC has earned a place in Forbes' list of the world's best big firms and Asia's Fab 50 owing to its operational efficiency and financial sustainability. One of the top 100 global firms of business, it was also in the list of the most ethical companies, displaying its high moral and ethical position.

A survey conducted by Fortune India and the Hay Group have crowned ITC as 'India's Most Admired Company', underlining the organisation's power and prominence in the body of Indian corporates. Alike, another global consulting firm BCG acknowledged ITC's position among leaders of sustainable value creators particularly in the consumer products sector to focus on sustainability and sustainable growth.

Two independent surveys Business Today and Brand Finance / Economic Times ranked ITC in India's top ten most valuable brand images and stressed particularly the company's branding competence. Finally, Business Week placed ITC within the Top 50 performing firm in Asia affirming was a stable performer in the region. All these accomplishments and awards indeed establish ITC as a pioneer in its industry – proven by its sustainable growth and innovative solutions, both feasible and sound in terms of financial risk.

Recognition Body	Award/Title
Forbes	World's Best Large Companies, Asia's Fab 50, World's Most Reputable Businesses
Fortune India & Hay Group	India's Most Admired Company
Boston Consulting Group	World's Top Sustainable Value Creators in Consumer Products Sector
Business Today	India's Most Valuable Companies
Brand Finance & Economic Times	India's 10 Most Valuable (Company) Brands
Business Week	Asia's Top 50 Performing Firms

### **About Major Companies in the Industry**

ITC Limited is a major faction of the fast moving consumer goods (FMCG) in India with special focus in food and cooking materials. The company's key brand is Aashirvaad which is present in a lot of food articles such as Atta, Salt, Spices and instant mixes and grammers to cater to new generation India. The company went farther into the branded flour market with Aashirvaad Atta on May 26, 2002 in Bengal and Chandigarh before moving other parts of the country. The PET Poly packaging of Aashirvaad Atta has graphics that reflect elements of the Madhubani paintings and is synched with the rural as well as the urban appeal of the Indian agrarian culture.

Following this, ITC came out with Aashirvaad Select Atta – a miniature of the regular variant, established from Sharbati wheat cultivated in Sehore, Madhya Pradesh. One of the excellent flours it produces is a refined wheat flour which is packed in 5 kg poly bags and has triumphed the World Star Award on Packaging Excellence thus make ITC stakes its claim as innovativeness and quality in the FMCG market. Spring of the year 2003 marked ITC's entry into the branded salt segment with Aashirvaad Salt with the second line product Aashirvaad Spices being launched in Northern India in May 2005. These spices such as chilli, turmeric and coriander powder were available in various packs in order to suit household requirements. ITC entered the organic food retail market in July 2007 by launching Aashirvaad Select Organic Spices containing superior formulations of turmeric, cayenne and coriander packed in 1 kg packs to meet the escalating organic requirement. In March 2006 the ITC extended its portfolio by entering into prepared mixes which offer traditional Indian foods like Gulab Jamun, Rava Idli, Rice Idli, Rice Dosa, Khaman Dhokla, Rasmalai, and Vada mix. These products were developed when frustrations grew high among households that required cheap and quick fixes. For instance, what we have been consuming all along in Karnataka as Rava Idli Mix is packed in 500-gram packets, while recently introduced mixes like Rasmalai and Vada have been made available in 126-gram and 200-gram packets respectively. Continuing along this line, the Aashirvaad Multi-Purpose Cooking Paste is a ready-to-cook onions mixture, tomatoes, ginger, and garlic fried in refined sunflower oil. This product is also in use mostly in North Indian food to facilitate faster extraction of the food product thus being available in the 100g pouches and 280g bottles in major cities as Delhi, Mumbai, Chennai and Bengaluru.

Besides, by venturing into the snack segment, ITC introduced Yippee!. Instant noodles company, which markets tasty instant noodles that would challenge market veterans already dominating the market, Nissin's Maggi. ACCI points out that taste, convenience food, and flavours remain key to the Yippee! range that grows popular among Indians. The quality standards, innovation, and premium packaging of products created ITC's new successful image that has made the organization a leader of industry in India's FMCG market. Its capacity to grow with influence from the market, to get-involved with fresh and convenience foods, and to keep the consumers' trust never ceases to boost its success and progress.



## **Advertising and Its Role in Consumer Markets**

Advertising is the Controlled, purposeful exposure of ideas, goods or services to a target audience by an identified sponsor undertaking in exchange for consideration. It has a critical function in mass marketing since it connects the producers and consumers of products. Here, which involves the use of media such television, newspapers, and magazines, magazines, and internet, advertising makes known to customers the benefit of specific products and options available to them in the market. While publicity thus differs from advertising in that the latter does involve sponsors who pay money to help produce awareness and thought to impact purchase behaviour.

The contemporary forms of advertising were developed during the terminal phase of the nineteenth century and the early twentieth century with the expansion of the production line technology, and the centralization of commodities distribution. With the expansion of manufacturing production, there was an even greater need for more extensive distribution of information to the public on the available products. Advertising is not only helpful for increasing sales but can also be potent for economic growth since it makes direct marketing to the masses, which sharpens the GDP. Today, advertising plays its part in forming consumers' preferences, building brands, and increasing publicity for the products in very competitive market places.

### **Advertising's Impact**

Scholars have devoted much time to understanding the psychic effects of adverts to consumers in their decision-making processes. Following the parameter set by Batra and Ray (1986) and Lazarus (2018), the general view is that ad can create both favourable and unfavourable feelings which have an impact on purchasing practices. Brown, Homer, and Inman all stress about the black-and-white development of the appeals to foster sensible techniques in the field of marketing. Morden noted that advertising creates awareness on products among consumers and assists them in developing attitudes towards the products.

Another factor that cannot be left without mention and on which much stress has been laid is cultural factors, which Rosaldo (2018) also confirms. Discuss how culture influences consumer behaviour, according to perception and buying behaviour. Stanton & Futrell (2019) later expand on the topic of perception and the way that the consumer goes through cognitive steps to gather knowledge, make considerations, and make a decision. In their work, Park and Lessing, authors of the article published in 2017 said that personal knowledge has more influence within decision making.

Ankit and Nikha Katiyar's (2019) research show that the market for FMCG goods, including bath soaps, has grown because of marketing techniques that plan and persuade the consumer to use touch products. Also, Chakraborty et al. (2018) further agree with the argument linking the use of advertising with enabling the targeting of new consumers for brand shift. Chitra (2018) avows that perceived quality and affective touchpoints help to shape consumer decision making and especially

within the BC industry. All the above literature taken cumulatively substantiate the notion of advertising as an influential influence on consumer purchase behaviour, creating brand consciousness and appeal, and triggering consumer demand in highly competitive and pluralistically conditioned markets such as that of India.

### **Advertising Strategies in the FMCG Sector**

From the study, it was established that advertisements have a significant impact on the buyer's behavior and hence effect sales especially for the FMCG related products. The intensity of advertisement awareness is high among consumers thus organizational should ensure that they constantly undertake advertising. It was found out that companies have to search for different media outlets in order to properly inform and convince its target market. Due to the high level of rivalry within the FMCG sector, media strategists have to tread carefully to obtain the best figures in relation to campaign *изготовка*.

Advertising media planners have a significant role of formulating and implementing efficient advertising campaigns. Such actions should be driven by senior management to ensure the employees gain satisfaction, motivation and decision to continue working with the organization. It is crucial to make the right choices of advertising media since it can bring improved results and improve customer satisfaction. Companies also have to apply innovation state-of-art promotions rather than only studying day and night digital promotion techniques. It is imperative to use the social media platforms in communicating with customers because it helps the FMCG companies to interact with the customers, created communities around their brands, and use Get interactive in campaigns, hence selling more of their products.

### **The Growing Role of Advertising in FMCG Marketing**

The FMCG sector is growing at a higher rate especially in semi urban and urban sites of India where consumers are now getting conscious about packed foods and beverages and personal care products. Business is getting more competitive and as such firms are ramping up the amount of money spent on advertising. For instance, Dabur India Ltd. has said that it will be increasing its investments in the research and development of new products that are in tune with current market trends. New brands are being developed, advertising becomes important not just as a technique for introducing a new product in the market, but in maintaining market presence. Advertisement promotes the sales of products and services, creates company image, and keeps customers aware of changes or new developments. Since it uses both the vision and hearing, it elicits a lasting impression on consumer buying behavior and thus a good strategy to use. The current research will focus on the impact of advertising for consumer buying behavior as a way of promoting a message that can reach the intended audience.

There is every expectation that the profitability of FMCG advertising will increase as the industry develops over the next couple of years. Effective advertising helps to achieve objectives of repeated

communication, recognition, association, and preference leading to customer loyalty instrumental to organizational sustainability. The promotion needs to be done in proportion with research and development in order to create new products and to improve existing ones. Media advertising as a place of communication should be effectively adopted for the social media, television and print media place. Therefore, advertising continues to be a core essential activity for economic growth, especially in the FMCG industry. It contributes to the sale, familiarizes the business in the market, and accommodates market shifts. Among testimonial advertising there is one which evokes the psychological reaction to which people are ripe to respond, and therefore this form of advertisement is highly effective. Competitive objectives of modern firms suggest that advertising and innovation are strategic in the current firm environment.

### **Conclusion**

This article analyses change in advertising as a marketing communication tool, especially in the fast moving consumer goods or FMCG brands, where competition is stiff and consumers' preferences tend to shift from one product to another. It is widely utilised by companies to create awareness, create brand image and even guide the customers' buying process.

The ratio of advertising expenditure to sales, which is a key benchmark of the FMCG industry, has been increasing in India due to rising urbanization level and improvement in consumer awareness. Firms such as Dabur India Ltd are aiming at dedicating a large portion of their resources in research with a view of coming up with unique subject matters and at the same time wanting the consume to get to know them hence using advertisement as their driving tool. The advancements have made social media as the key component of digital marketing communication since it can help brands to establish two way communication and engage consumers.

The conclusion of this study calls for a revival of advertising as an effective tool for good consumer behavior change with a special focus on impressing their long-lasting image-on/print on the optical and/or aesthetic nerves. Of common traditional advertising appeals, testimonial advertising appeals have gained more success in providing credibility and persuasion. Since competition is ever rising all companies cannot do without advertising if they are to continue making sales, introducing new products into the market, and maintaining customer's loyalty. This means that a key to success in the future years will lie in advertising, which in the FMCG sector is expected to grow substantially. Organization which dedicate focus on creative advertising, with research and development, have better ability to cope with demand fluctuations and retain market relevance. Lastly, advertising is not merely communicating products to the public, but persuading the purchasers, creating preference and forming retail business relationships for economic profits.



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