



**IMPACT OF ADVERTISEMENT ON BUYING DECISION OF CARS WITH  
REFERENCE TO CHENNAI CITY**

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**Abstract**

*The ever growing Indian car market is a boon to the Indian Economy which generate considerable revenue and employment opportunities. However, the prevailing neck to neck market competitions among the Indian car manufacturers forced them to take different promotional avenues to sell their products. Principle among them is advertising. It is an instrument of persuasion and information and the informative role of advertisements consists of providing information about products, their specifications, features, functions and prices to prospective buyers and the cost towards advertisements are growing every year. At this juncture, it is necessary to testify whether really the advertisement has impact on the buying decisions of the car customers in India. This is a pilot study which was conducted in Chennai city and found that the advertisement has impact on the buying decisions of the car customers in Chennai city.*

*Keywords: Advertisement and consumer behaviors, product advertisement, quality of product, availability of product, cost of product, reference groups, advertisement and value added benefits, advertisement and credit installment facilities.*

**I. INTRODUCTION**

The Indian automobile industry is in remarkable state at present especially after the liberalization of the Indian economy. The entry of the foreign automobile giants especially in the car segments is drastically enhanced the boundaries of the car industries in India. The entry of Small car Maruti 800 in the year 1983 made a remarkable changes. Since then the car segment of Indian automobile industry record the upward trend and thus it paved the way for the new automobile MNCs are entering into this market almost every year. As such, the India is the



eleventh largest passenger cars manufacturer in the world. It is also to note that during 2013-2014 has seen a decline in the industry's otherwise smooth-running growth seen in every year. The reasons are many and few: High inflation, soaring interest rates, low consumer sentiment and rising fuel prices along with economic slowdown. Either car market or the modern business are complex in nature as growing technology and dynamism in attitude of consumers have led to market imperfection. Consumers play a decisive role in business activity and causes for innovation. The producers attempt to satisfy the needs of customers but in some extent all the producers are not. Only those who understand the attitude of consumers; they are successful producers in the market. It is therefore becomes inevitable that identify the attitude or behaviour of the consumers. Persuading a consumer to purchase a product is not an easy task. There are many factors determine the buying plan of the customers; among them advertisement plays a major role.

Advertising is known as communication to the probable buyer about the quality, durability and It is an invaluable aid in the process of market development. It is closely linked with economic development, as it is a vital marketing input, especially at the stage of introduction of a new product. Since the Car market is very fierce in India, the advertisement is an essential phenomena of every car manufacturer in India.

Thus the American Marketing Association defines advertising as “any paid form of non personal presentation and promotion of ideas, goods or services by an identified sponsor. Ads can be a cost-effective way to disseminate messages, whether to build a brand preference or to educate people” (American Marketing Association). It is an instrument of persuasion and information and the informative role of advertisements consists of providing information about products, their specifications, features, functions and prices to prospective buyers.

## **II. ADVERTISEMENT AND CONSUMER BEHAVIOR**

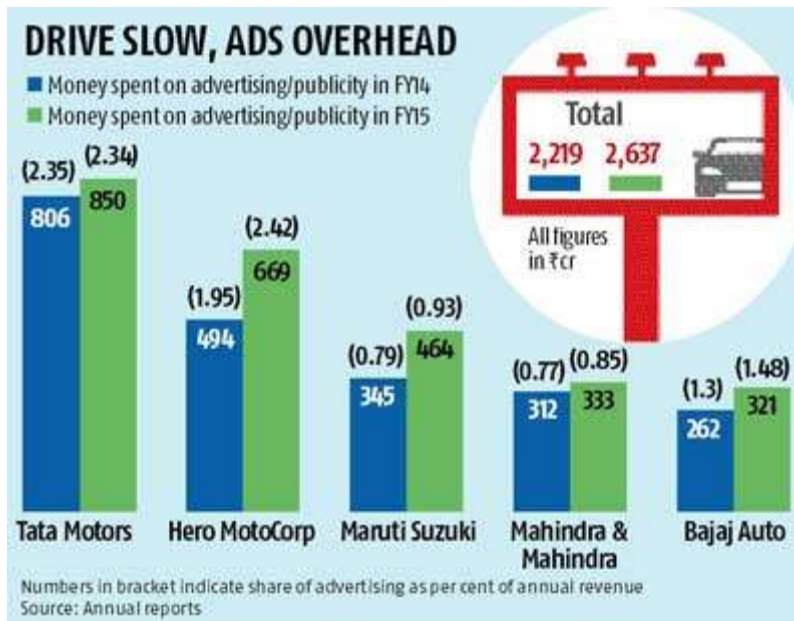
Consumer behavior is known as the study of when, why, how, where and what people do or do not buy goods or services (Foxall.G. 2005). This is the culmination of the concepts of anthropology, sociology, economics, psychology and so on. It attempts to understand the buyer decision making process, both individually and in groups and played a pivotal role to picturize the buying decisions of the consumer based on their demographic, social and behavioral characters. And also it tries to analysis the influences of family, friends, reference groups and so on. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing.

Apart from this, there are many factors stimulate consumers to purchase goods and services, among them advertisement is vital one. It not only useful at the beginning of launching a product and market penetration but also it is necessary to till the product reaches maturity



stage in its life cycle. But the amount spending on advertisement would be varying according to the stages of product life cycle.

Figure no - 1 Advertisement expenditure of the major Indian automobile companies



(Source : Business Standard Sep 2015)

The above figure is drawn from the website of Business standard, which shows spending on the advertisement for the financial years 2014 & 2015 by the leading market players. The report also says that “In the year ended March 2015, the top five companies by revenue – including Maruti Suzuki, Mahindra & Mahindra (M&M) and Hero MotoCorp spent a combined Rs 2,637 crore to push sales, up 19 per cent from a year before”. The advertisement expenditure of India is majorly shared by the market of past moving consumable goods and automobiles industries. The yearly spending by the India for advertisement place the country as one of the largest advertising country in Asia. The ad market in India is forecast to increase by 2.84 billion U.S. dollars between 2015 and 2018(The statistical portal 2017). In this context, it is necessary to study really the spending of the huge amount for advertising in the Indian car market is giving fruitful results on the buying decisions of the customer. Thus, this study made an attempt on this.



### III. REVIEW OF LITERATURE

Nikil et.al(2015) This attempt has been made to understand and analyze the available literature to study the impact of online advertisements on buying decision of customers of passenger cars and update the same, which is going to be undoubtedly a unique contribution to the industry as well as the future research endeavors in this arena. Findings suggest that the most credible source of online advertisement for product information is company websites. Along with this, the research also recommended the demographic factors such as frequency of internet usage and internet usage experience have a strong positive impact on customers' purchasing decisions.

Durai (2005) studied the cultural and social impact of advertisement on the society. The study concluded that the advertisement is bound to create a positive attitude among the customer. The study concluded that therefore essentials that an advertisement aims to create faith and good will in the minds of consumer about the product featured by conforming to the core principles of believability uniqueness, reputation and reasonable claims.

Haneef et. al. (2006) studied the consumer buyer behaviour of cars in Tirunelveli city. This study used a structured form of questionnaire and found out that Family members, friends and relatives are the important source of information and the respondents take the decision by themselves with a consultation with them. Fuel economy, price and maintenance expenses are the main factors influencing the buying decision of a particular car, followed by brand name style and after sales service and most of the car buyers select the models irrespective of their income and occupation.

Chakravarti and Janiszewski (2004) investigated the influence of generic advertising on brand preferences as such four experiments were carried out. From the four experiments, the following conclusions were drawn, generic advertising has the potential to re distribute market shares among brands and generic advertising has the potential to make people more responsive to price.

Samson, Rohan(2014) The objective of the study -"The impact of online digital communication, on customer buying decision" was to examine the effectiveness of online digital communication as a medium for marketing with respect to the automobile industry-specifically the passenger car segment. The study was conducted by administering a questionnaire to a sample of 100 respondents of varied demographic backgrounds. It was found that though a majority of people refer to online digital communication sources and find them reliable and useful, television advertising and word of mouth were the most instrumental in pushing potential buyers to the showroom.

Sanjeev Verma (2009) states Advertisers use different types of appeals and demonstrations to attract and retain customers, but the literature review shows very less work on evaluating the differential impact of various types of appeals on consumer purchase decisions. This study empirically tests the differential influence various advertising appeals create on consumer purchase decisions.



Dan Petrovici, et.al (2007) find out the perceived socioeconomic effects of advertising, and consumer beliefs and attitudes toward advertising in Bulgaria and Romania. According to them there is a common belief (more than 80 per cent) that advertising promotes undesirable values and messages.

#### IV. OBJECTIVES OF THE STUDY

- To analyze the advertisement of cars increases the reputation s of the company so as to assess whether it is useful to the customers to recall the brand .
- To find out whether the advertisement of car increased the product promotion as well as whether it helps the customers to know the quality of the product.
- To identify whether advertisement helpful to recall the brand and increases the reputation of the company as well as increases the reputations among the reference groups.
- To find out whether the advertisements helps the Chennai car customers to recall the brand through the effective advertisement on value added benefit as well as to identify the advertisement on credit facilities of car increases the reputation of the company so as to impact on the buying decisions of the customer.

#### V. RESEARCH METHODOLOGY

##### 5.1 Sampling size and design

The study area comprises of three divisions of Chennai metropolitan city and the study adopted purposive sampling and accordingly 900 questionnaire are circulated among the selected respondents. Out of the 900 questionnaire 606 responses were received and the percentage of response is 66.6 as given in the table no - 1

**Table no - 1 Sampling design of the study**

Sl. No.	Divisions of Chennai city	No. of Questionnaires received
1	Central Chennai	202
2	South Chennai	202
3	North Chennai	202
Total		606

The respondents are requested to express their perceptions regarding the advertisement and their criteria to purchase a car. The respondents opinions about without Advertisement(WOA) and with advertisement(WA) are sought for the nine variables such as overall reputation, product advertisement, quality of product, availability of product, cost of product, reference groups, value added benefits, after sales service and credit installment facilities. But the demographic and socio economic variables are not being considered for this study

In fact, they express with or without advertisement regarding these variables, paired 'T' test is used to identify the significance difference between these variables.



Data analysis and interpretations

Table no - 2 Paired Samples Statistics and Paired Samples Test

	Mean	N	Std. Deviation	Std. Error Mean	'T' value	'P' value
<i>Pair 1</i> WA1	3.4340	606	1.29772	.05272	8.208	0.000
WOA1	2.5710	606	1.29363	.05255		
<i>Pair 2</i> WA2	3.5182	606	1.27875	.05195	9.982	0.000
WOA2	2.4818	606	1.28262	.05210		
<i>Pair 3</i> WA3	3.2954	606	1.39901	.05683	5.214	0.000
WOA3	2.7046	606	1.39546	.05669		
<i>Pair 4</i> WA4	2.9670	606	1.20970	.04914	0.101	0.919
WOA4	2.9571	606	1.22568	.04979		
<i>Pair 5</i> WA5	3.0033	606	1.32988	.05402	0.201	0.841
WOA5	2.9818	606	1.31287	.05333		
<i>Pair 6</i> WA6	3.0611	606	1.22558	.04979	1.819	0.069
WOA6	2.8812	606	1.23412	.05013		
<i>Pair 7</i> WA7	3.0347	606	1.06815	.04339	0.520	0.603
WOA7	2.9901	606	1.06168	.04313		
<i>Pair 8</i> WA8	2.9439	606	1.32870	.05397	-1.182	0.238
WOA8	3.0710	606	1.32238	.05372		
<i>Pair 9</i> WA9	3.0792	606	1.38838	.05640	1.925	0.055
WOA9	2.8663	606	1.37881	.05601		

**Pair - 1:** From the table no - 2 it is seen that overall reputations of a car company with advertisement is 3.43 and without advertisement is 2.57. The significant difference between these mean values found from the 'T' value is 8.208 and 'P' value=0.000. As such, it has to be concluded that, the advertisement of car increased the reputation of the company. So it is found out that the advertisement is useful to the customers to recall the brand through the effective advertisement.

**Pair - 2:** It is seen from the table that the product promotion with advertisement is 3.52 and without advertisement is 2.48. The significant difference between these mean values is found from the table and 'T' value is 9.982 and 'P' value=0.000. Therefore it can be concluded that, the advertisement of car increased the product promotion. .

**Pair- 3 :** From the above table it is found that the quality of product with advertisement is 3.29 and without advertisement is 2.70. The significant difference between these mean values is found from the 'T' value is 5.214 and 'P' value=0.000. Therefore it can be concluded that the car advertisement increased the quality of the product. It helps the customers to know the quality of the product through the effective advertisement.

**Pair - 4** It is found from the above table that the availability of product with advertisement is 2.967 and without advertisement is 2.957. The significant difference between these mean



values is found from the 'T' value is 0.101 and 'P' value=0.919. Therefore it can be concluded that, the advertisement on the availability of car has increased the reputation of the brand.

**Pair - 5 :** It is seen from the above table that the cost of product with advertisement is 3.009 and without advertisement is 2.982. The significant difference between these mean values is found from the 'T' value is 0.201 and 'P' value=0.841. Therefore it can be concluded that, the advertisement of car increased the reputation of the company. It helps the customers to recall the brand through the effective advertisement.

**Pair - 6 :** It is seen from the above table, it is found that the reference groups with advertisement is 3.06 and without advertisement is 2.88. The significant difference between these mean values is found from the 'T' value is 1.819 and 'P' value=0.069. Therefore it can be concluded that, the advertisement of car increased the reputation of the company to influence the reference groups.

**Pair - 7:** From the above table it is found that the value added benefits with advertisement is 3.03 and without advertisement is 2.99. The significant difference between these mean values is found from the 'T' value is 0.520 and 'P' value=0.603. Therefore it can be found out that the advertisement of car increased the reputation of the company. It helps the customers to recall the brand through the effective advertisement on value added benefits.

**Pair - 8 :** it is seen from the table that the after sales service with advertisement is 2.95 and without advertisement is 3.07. The significant difference between these mean values is found from the 'T' value is -1.182 and 'P' value=0.238. Therefore it can be said that, the advertisement of car increased the reputation of the company. It helps the customers to recall the brand through the effective advertisement.

**Pair - 9:** From the table no - 2 it is found that the credit or installment facilities with advertisement is 3.079 and without advertisement is 2.866. The significant difference between these mean values is found from the 'T' value is 1.925 and 'P' value=0.055. Hence, it can be said that, the advertisement on credit facilities of car increased the reputation of the company so as to impact on the buying decisions of the customer.

## VI. SUMMARY AND CONCLUSION

The study found out many significant phenomena of the advertisement on the purchase behaviors of the car customer. Thus, the advertisement of car increased the reputation of the company as well as the advertisement of car increased the product promotion. And interestingly it helps the customers to know the quality of the product and its reputation through the effective advertisement and recall the brand name as well as influence on the reference groups are also possible by the effective advertisement.

The after sales service with advertisement has significantly increased the reputation of the company. It helps the customers to recall the brand through the effective advertisement. And it is to note that the advertisement on credit facilities of car increased the reputation of the company so as to impact on the buying decisions of the car customers of Chennai city. This study clearly proved the effective advertising has pivotal role on the buying decisions of the car customer in Chennai city.



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