

# **Impact of Consumer Perception towards Advertising on Brand Attitude- A study of PepsiCo India Pvt Ltd.**

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## **Abstract:**

*With an increase in the advertisement expenditure by companies, researches are trying to understand and determine its' impact on the consumers' perception towards the advertisements (favourable or unfavourable) and how they shape their attitude towards the promoted products. In this paper, the consumers' attitude towards advertisements and its impact on the brand attitude has been studied in PepsiCo India Pvt Ltd. Also, the impact of demographic variables i.e. gender and age on the consumers' attitude towards advertisements and the product has been studied. For this purpose, data has been collected from 320 respondents across all income and age groups. The data has been collected using a questionnaire the reliability of which was tested using Cronbach's Alpha. Quantitative methodology has been used to analyse the data. The results reveal that majority of the respondents rated Pepsi favorably on various brand attributes (i.e. Quality, Value, Entertainment, Price, etc.). Also, the perception of the consumers towards the various advertising components and the brand attitude is independent of age and gender. The study revealed a mixed relation of brand attitude with the components of the attitude towards advertisements. The study reveals that the perception towards various components of advertising has a significant impact on the brand attitude. This fact is important for the company and should be given due consideration while designing advertisements. Also, advertising should be prioritised as it can play an important role in projecting a favourable image of PepsiCo India Pvt Ltd.*

*Keywords: Advertisement, Brand Attitude, Consumer Perception.*

## **1.0 Introduction**

Advertising is any paid form of non-personal presentation and promotion of goods, services and ideas through mass media such as newspapers, magazines, television or radio by an

identified sponsor. It is usually aimed at a large crowd, and it has to come through from a message, who is a sender (Kotler, 2009).

The main aim of advertising is to inform the customers about the goods and services a company is providing for their need satisfaction. Creation of an underlying demand is the main aim of advertising in case of a new product or service. It also helps a company to distinguish from its competitors. The goal of advertising is to increase its customer base by improving customer relations and evoking a desire in them to purchase.

Advertising is comprised of three components: advertising media, advertising timing and advertising method. To stand out, it must be stimulating for the imagination. (Fill, 2005). A good advertisement consists of two parts: informative communication and suggestive communication. The prior provides the product information, its price, payment terms and its availability. The latter, on the other hand, influences attitudes with emotional appeals.

Advertising can target either consumers or other companies. The former is consumer advertising while the latter is industrial advertising or business to business advertising. (Walker, 2006) .Advertisements can be disseminated either directly to a potential consumer using text message, e-mail or by using a mass communication channel which includes television, radio, internet and print media.

Advertisements lead to an image formation of the brand in the minds of the consumers. This image is the perception of a consumer towards a brand and shapes his brand attitude, eventually influencing his purchase intention. It is due to the marketing and advertisements that shapes a consumers' brand attitude and shapes their purchase decisions. Advertisements thus help a company to increase sales and profits by attracting attention towards their product or service. It plays a vital role in informing and persuading consumers in addition to facilitating competition (Fennis&Stroebe, 2015). A well planned advertisement strategy helps strengthen the company and product image. It also helps in the creation of the product related perceptions and associations which help in development of a desire to purchase (Kotler, 2009).

## **2.0 Literature Review**

An increasing expenditure on advertising by companies has led marketing researchers to study the impact of advertising on the consumers' attitude towards the brands and products that are being promoted. Shimp, 1981 defines the attitude towards an advertisement as "the predisposition to respond (react) in a favourable or an unfavourable manner to a particular advertisement and has two different components: an affective component reflecting the

emotions evoked by the ad and a cognitive component reflecting how well made and useful the message and the information in it is considered to be”.

Michael Hulme, 2010 in his report *Your Brand: At Risk or Ready for Growth?*, says that advertisement does not have an impact on the perception of the consumers towards a brand or a product in a desired way because 58% consumers believe that the primary focus of the companies is to sell their products instead of actually catering to their actual needs. Also, 95% of the respondents revealed that they do not trust advertisements. This reveals that consumers are sceptical towards the advertisements which show the disbelief of consumers towards the advertising claims of a brand (Obermiller & Spangenberg, 1998). Thus, companies should focus on making their advertisements credible enough so that the consumers’ trust in them increases which eventually will lead to a positive perception of the consumer towards the company (MacKenzie & Lutz, 1989).

The companies need to focus on setting the right image for themselves as that has an impact on the consumers’ attitude towards their product and in turn influences their purchase intentions. Advertising credibility consisting of authenticity, trust, transparency, responsiveness and affirmation is a vital factor shaping the consumers’ attitude and their behaviour (Ling, Piew and Chai, 2010). MacKenzie, Lutz and Belch (1986) say that advertising credibility has an impact on purchase intentions of consumers by influencing their attitudes. They also add that exposure to advertisements affect feelings and thoughts (affective and cognitive responses) which in turn influence the consumers’ attitude towards the brand.

Mitchell and Olson (1982) were amongst the first to say that the brand attitude is determined by the way consumers assess advertisements which is in turn dependent on the way the brand attributes are communicated using advertisements. According to them, the brand attitude and purchase intentions are influenced by the attitude towards the advertisements of the promoted brands.

Chattopadhyay and Nedungadi (1992) have studied the period of time for which the effect of favourable attitude is exhibited. Some researchers say that the effect remains overtime while others claim that it short-lived. Chattopadhyay and Nedungadi say that in the case of a likable advertisement the brand attributes are not processed by the consumer as it draws too much attention to itself. This leads to the weaker brand attitude in the consumer due to the decay of the advertisement liking after a time. On the other hand, the brand attitude would remain strong if the advertisement’s focus was on the brand attributes.

The nature of the promoted product also plays a role in determining the effect of advertisement liking on the brand attitude. According to Brown and Stayman (1992) novel and unfamiliar brands have greater effects than well-known ones. Also, the effects are greatly reduced once the products are used by the consumer (Smith, 1993).

Consumers' level of involvement in the purchasing decision also has a bearing on the effect of the advertisement attitude on the brand attitude. Under low-involvement conditions, the major contributors to advertisement liking are the feelings evoked by it. On the other hand, under high-involvement conditions, advertisement's usefulness in addition to the feeling evoked by it contributes to the advertisement liking (Miniard, Bhatla, Rose, 1990).

To understand the advertisement attitude and brand attitude relation, the kind of attitude developed towards the advertisement is of a great importance. If it is positive, the brand attitude developed is also positive and favourable. (Greene, 1992). Factors like the attitude towards the source/ advertiser, attitude towards the advertisement, mood of the viewer, format of the message, viewer's perceptions regarding the credibility of the advertisement help in determining the overall attitude towards the advertisements (Solomon, 2003).

### **3.0 Objectives of the study**

1. To study the perception of the respondents towards various advertisements of PepsiCo Ltd.
2. To study the impact of demographics on the perception of the respondents towards advertising.
3. To study the attitude of respondents towards Pepsi as a product on parameters like quality, reliability, fairness in price etc.
4. To find out the extent of relationship between respondents' perception towards Pepsi advertisements and the brand attitude.

## 4.0 Conceptual framework and Hypothesis for the study

The Conceptual framework employed in the study has been shown in figure 1.

### Advertising Components

### Demographics

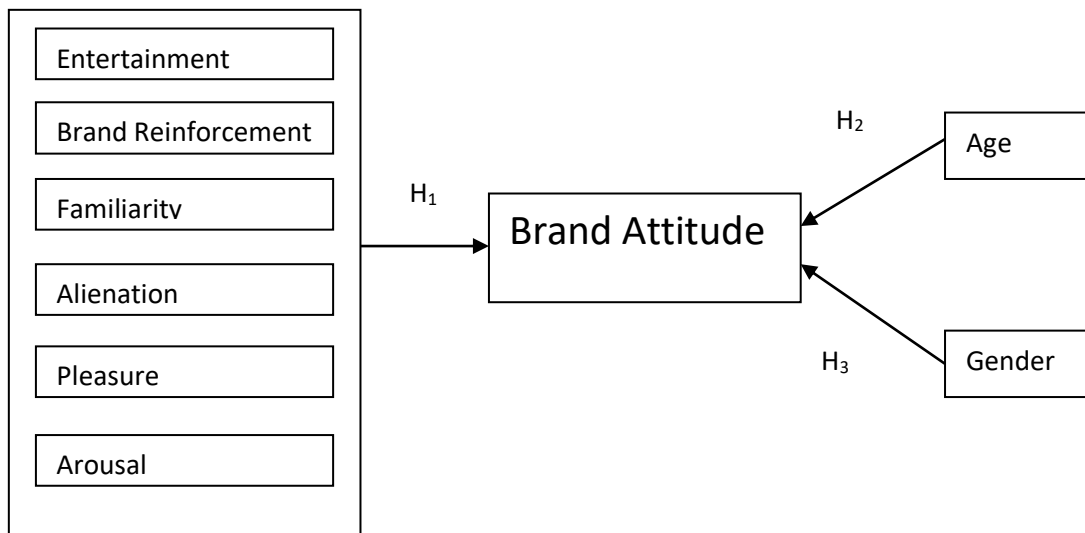


Fig 1: Conceptual Framework of the study

*H<sub>1</sub>: Age has no significant impact on the perception towards various advertisement components and brand attitude.*

*H<sub>2</sub>: Gender has no significant impact on the perception towards various advertisement components and brand attitude.*

*H<sub>3</sub>: There is no significant relationship between the dependent variable i.e. brand attitude and the set of independent variables which includes various components of advertising (i.e. entertainment, brand reinforcement, familiarity, alienation, pleasure, arousal).*

## 5.0 Research Methodology

**5.1 Area of Study:** The study has been carried in Kashmir and Lucknow regions of India.

**5.2 Population:** The population for the study comprises of respondents (consumers as well as prospects of PepsiCo India Pvt Ltd.) across all income and age groups i.e. without differentiating between users and non-users of the product.

**5.3 Sampling:** Convenience sampling has been used to collect the data from a total of 320 respondents. The sample size was chosen through itemised sampling wherein every item in the questionnaire requires respondents from 5 to 10 (Hair et al. 2008). In this study, I have

chosen 10 respondents for every item in the questionnaire which comprises of 32 items making the total sample size equal to 320.

**5.4 Data Sources:** The variables have been analysed using primary data which has been collected using a questionnaire. The Questionnaire consists of 32 items divided over the variables in study. The items have been divided as follows Entertainment (ENT-7 items), Relevant News (RN-1 item), Brand Reinforcement (BR-2 items), Familiarity (FAM-3 items), Alienation (ALI-4 items), Pleasure (PLE-5 items), Arousal (ARO-5 items) and Brand Attitude (BA-5 items).

The reliability of the scale has been tested using Cronbach’s alpha, the value of which for the six out of the seven variables studied i.e. Entertainment, Brand Reinforcement, Alienation, Pleasure, Arousal and Brand Attitude is greater than 0.6 thereby signifying a high level of internal consistency reliability of scales used for their measurement. Since the scale used has high reliability, therefore the data collected using them will also be highly reliable thereby giving credibility to the study. However for Familiarity, the value of Cronbach’s Alpha is less than 0.6; therefore with regard to this variable the scale used has low internal consistency reliability.

## 6.0 Data Analysis

The data collected has been analysed with the help of SPSS using frequency distribution, ANOVA, correlation and regression.

### 6.1 Attitude towards Brand Attributes:

Frequency distributions have been used to determine the favorable and unfavorable attitude of customers towards the various brand attributes. This has been done by measuring the frequency of responses of the customers on scales used to rank the product on various attributes viz. quality, attractiveness, value, reliability, and fairness in price. In such scales 1 stands for the most favorable response on brand attribute and 5 stands for most unfavorable. The results as obtained for various brand attributes have been represented in Table 1.

**Table 1: Attitude towards Brand Attributes**

Rank	Percentage (%)				
	Quality	Attractiveness	Value	Reliability	Fair Price
1	17	14	19	14	15
2	40	45	35	31	30
3	27	25	28	31	20

4	14	15	07	18	18
5	2	01	11	06	17

- **Quality:** Almost 17% of the respondents have rated Pepsi as 1 on quality parameter which stands for high quality. 40% and 27% have rated it 2 & 3 respectively on the quality parameter. More than half of the respondents (57%) therefore rank Pepsi favorably on quality parameter. 21% of the respondents rank it neutrally with respect to quality while only 14% and 2% of respondents rate it at 4 and 5 in terms of quality which stand for low quality. Thus it can be concluded that Pepsi enjoys a favorable image based on the quality attribute of its product.
- **Attractiveness:** 14% respondents ranked the attractiveness attribute as 1 which stands for highly attractive. 45% rank it as 2; thereby making a total percentage of 59%. i.e. almost half of respondents rank it favorably on attractiveness attribute. 15% and 1% respondents rank it respectively at 4 & 5 which stand for low attractiveness. Thus, against 59% respondents who rank Pepsi favourably on attractiveness only 16% rank it at low on attractiveness while 25% have responded neutrally on this parameter.
- **Value:** 19% and 35% respondents rank Pepsi at 1 & 2 respectively with respect to the value delivered by the product. This means that 54% respondents are of the opinion that Pepsi delivers high value. 28% rank it neutrally on this parameter while 18% respondents opine that Pepsi delivers low value.
- **Reliability:** 45% of the respondents rank Pepsi favourably on the reliability dimension, wherein 14% and 31% have rated it 1 & 2 respectively. 31% have given a neutral response while a total of 24% respondents have ranked Pepsi unreliable.
- **Fair Price:** 15% and 30% respondents respectively rated Pepsi 1 & 2, thereby making a total of 45% respondents who opine that Pepsi is fairly priced. However 35% respondents believe that Pepsi has an unfair price while 20% gave neutral response to the pricing of Pepsi.

## 6.2 Studying the impact of age and gender on the perception towards various components of advertisements and brand attitude (Using ANOVA):

*H<sub>1</sub>: Age has no significant impact on the perception towards various advertisement components and brand attitude.*

*H<sub>2</sub>: Gender has no significant impact on the perception towards various advertisement components and brand attitude.*

**Table 2: Impact of Demographics (p=0.05)**

<b>Component</b>	<b>Age</b>	<b>Gender</b>
Entertainment	0.472	0.110
Relevant News	0.333	0.206
Brand Reinforcement	0.205	0.993
Familiarity	0.717	0.368
Alienation	0.537	0.331
Pleasure	0.102	0.543
Arousal	0.265	0.210
Brand Attitude	0.068	0.372

ANOVA has been used to study the impact of the demographic variables i.e. age and gender on the advertising attitude and the brand attitude and the same has been shown in Table 2. In case of age, the level of significance for all variables is more than 0.05 therefore the null hypothesis is accepted i.e. perception towards various advertising components and attitude towards product is independent of age of customers. Across different age groups there is no major difference in the way the advertisements are perceived based on components like entertainment, brand reinforcement, familiarity, alienation, pleasure arousal and the attitude towards the brand is also not different across different age groups.

For gender, the level of significance for all variables is more than 0.05 therefore null hypothesis is accepted i.e. perception towards various advertising components and attitude towards product is independent of gender of customers. Among males and females there is no major difference in the way the advertisements are perceived based on components like entertainment, brand reinforcement, familiarity, alienation, pleasure arousal and the attitude towards the product is also not different for the two genders.

### **6.3 Correlation and Regression Analysis:**

*H<sub>3</sub>: There is no significant relationship between the dependent variable i.e. brand attitude and the set of independent variables which includes various components of advertising (i.e. entertainment, brand reinforcement, familiarity, alienation, pleasure, and arousal).*

Correlation has been used to find the degree of association between the various variables included in the study. The results have been shown in Table 3.

**Table 3: Correlation**

	<b>ENT</b>	<b>RN</b>	<b>BR</b>	<b>FAM</b>	<b>ALI</b>	<b>PLE</b>	<b>ARO</b>	<b>BA</b>
<b>ENT</b>	1.000	.321	.301	.228	.511	-.543	-.516	-.283



<b>RN</b>	.321	1.000	-.034	-.005	.369	-.163	-.311	-.141
<b>BR</b>	.301	-.304	1.000	.118	.240	-.589	-.193	-.500
<b>FAM</b>	.228	-.005	.118	1.000	.485	-.377	-.289	-.234
<b>ALI</b>	.511	.369	.240	.485	1.000	-.389	-.511	-.423
<b>PLE</b>	-.543	-.163	-.589	-.377	-.389	1.000	.625	.521
<b>ARO</b>	-.516	-.311	-.193	-.289	-.511	.625	1.000	.373
<b>BA</b>	-.283	-.141	-.500	-.234	-.423	.521	.373	1.000

The correlation coefficient “r” shows the correlation between different variables. Here, Entertainment is weakly correlated with relevant news, Brand Reinforcement, Familiarity and Brand attributes. It shows a strong positive correlation with Alienation and a strong negative correlation with Arousal. Relevant News has a weak correlation with all the other six variables. Brand Reinforcement has a strong negative correlation with Pleasure and brand attributes. For the remaining variables it has a weak correlation. Familiarity has strong correlation with alienation. With relevant news it has a minimum correlation and with the remaining variables it is weakly correlated. Alienation is strongly correlated with entertainment, Familiarity, arousal and brand attributes. Pleasure is strongly correlated with entertainment, brand reinforcement, arousal and brand attribute items. Arousal has a strong correlation with entertainment, alienation and Pleasure. Brand attribute items like value, quality, reliability, attractiveness, fair price are strongly correlated with brand reinforcement and pleasure

In Regression, R-squared, t-statistic and F-statistic have been used to establish relationship the between the dependent variable and independent variables and also to measure strength of such relation. The results as calculated for such measures have been given in Table 4 and Table 5.

**Table 4: Regression Coefficients (Dependent Variable: Brand Attitude)**

	Unstandardized Coefficients		Standardised Coefficients	t-value	Sig. (p=0.05)
	B	Std. Error			
(Constant)	2.977	.854		3.487	.001
ARO	.082	.130	.076	.635	.527
FAM	.029	.097	.030	.295	.769
BR	-.253	.090	-.307	-2.814	.006
ENT	.157	.123	.137	1.274	.206

RN	-.019	.075	-.024	-.254	.800
PLE	.259	.141	.264	1.836	.070
ALI	-.336	.140	-.283	-2.403	.018

**Table 5: Regression**

<b>R</b>	<b>R-Squared</b>	<b>Adj. R-Squared</b>	<b>F-Value</b>
0.630	0.397	0.351	8.636

t- Statistic tells us if a significant relation exists between the dependent and independent variable. If the level of significance for t-statistic for an independent variable is less than 0.05, then the null hypothesis with regard to that variable is rejected and the alternate hypothesis is accepted. In this case, the level of significance for the t-statistic of two of seven independent variables i.e. brand reinforcement and alienation is less than 0.05, therefore for such variables null hypothesis is rejected and alternate hypothesis accepted. Thus, it can be concluded that a significant relationship exists between brand attitude as a dependent variable and brand reinforcement and alienation as independent variables. With regard to other independent variables i.e. entertainment, relevant news, familiarity, arousal, pleasure since the level of significance of t-statistic is greater than 0.05, so for these variables null hypothesis is accepted. Thus, the results reveal that entertainment, relevant news, familiarity, pleasure and arousal taken as independent variables have no significant impact on the dependent variable i.e. brand attitude.

The F-statistic shows whether a linear relationship exists between the dependent and independent variables taken for study or not. In this case, the value of F is statistically significant as it is less than 0.05, thus suggesting that a linear relationship exists between the dependent and the independent variables.

Also, the coefficient of determination i.e. R square tells us to what extent the variation in dependent variable can be explained by the regression model. In other words it tells us about the strength of association between the dependent and independent variables. In our case the value of R square is .397 i.e. 39.7% which means 39.7 % variation in the value of dependent variable i.e. brand attitude can be attributed to variability in independent variables. The regression equation appears to be less useful for making predictions since the value of R-square is not close to 1. This signifies that regression model is not of much significance and strength of association between the dependent and independent variables is less.

One of the flaws of the R-square is that it is sensitive to the number of included independent variables. Specifically, addition of additional independent variables can only increase the R-square. In addition to the variables that are taken in the study, there can be n number of variables that have an impact on brand attitude.

## **7.0 Conclusion and Discussions**

This study reveals that respondents have a favourable opinion about PepsiCo India in terms of the brand attributes i.e. quality, attractiveness, value, reliability and fairness in price. This high favourability can be used as a tool for brand building and can help in attaining competitive advantage against various other competitors. Among the brand attitude parameters, respondents ranked attractiveness and quality at the higher end and reliability and fairness in price at the lower end. The company therefore must prioritize the quality and make an effort to keep providing customers with the best quality products. Additionally company should also try to make efforts to increase the ranking of reliability and fairness.

Further, the perceptions of the respondents towards advertisements of Pepsi are not dependent on age and gender i.e. the various advertisement components (entertainment, brand reinforcement, familiarity, alienation, pleasure and arousal) and brand attitude are not affected by gender and age. On these grounds it is suggested that segmenting market on the basis of existing product category with reference to age and gender will not pay dividends. So, company may continue with mass marketing strategy.

Further, the study make known a significant relationship between brand attitude as a dependent variable and brand reinforcement, alienation as independent variables. On the other hand, entertainment, relevant news, familiarity, pleasure and arousal have no impact on brand attitude. The study also establishes that there exists a significant relationship between brand attitude of respondents and their perception towards advertising components like brand reinforcement and alienation. So while designing advertisements these components should be taken special care of keeping in view their impact on shaping the attitude towards the brand. By using R square it has been established that there is no strong association between advertising components and the brand attitude i.e. advertising doesn't have a significant impact on shaping brand attitude. This calls for giving advertising priority as it can play an important role in projecting a favorable image of PepsiCo India.

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