

**Advertising and Consumer Attitudes and Buying Behavior  
(Special Related to Mayos and Wai Wai Noodles in the  
Kathmandu Valley)**

**A Thesis**

**Submitted By**

**Saroja Manandhar**

**Patan Multiple Campus**

**Exam Roll No.220148/066**

**T.U. Regd. No. 7-2-256-75-2002**

**Roll No. 105/064**

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# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Advertising is a promotional tool which is concerned with communicating the message of about the goods, services or ideas to the target audience indirectly. It informs, persuades and remind the customer, target or potential buyers to buy the goods, services or ideas of sound marketing plan consisting of an effective advertising or effective mass selling. A well-planned advertising program is continuous and has a cumulative effect. Advertising campaign is the creation and execution of a series of advertising to communicate with a particular target audience and in this regard understanding specific problems of a consumer is often the key to developing an appropriate campaign (Kotler, 2007:455).

The term advertising is derived from the original Latin word ‘advertee’ which means to turn attention. Every piece of advertising turns the attention of the readers, listeners or the viewers toward a product, or a service or an idea. Therefore, it can be said that anything that turns, the attention about a service, or an idea might well be called advertising.

In whatever form of advertising are seen today, definitely had some different look, features, ways etc in the past. Tracing back the root, the history of advertising has been divided into four stages. The first stage is the ‘Age of print’. Ads were primarily classified in format and print media carried them. The culmination of this age was the development of the newspaper.

The second stage label is ‘The Industrial Revolution and Emergence of Consumer Society’, a period where advertising grew in importance and size because of numerous social and technological developments. The purpose of the advertising was to devise an effective, efficient communication system that could spell products to a widely dispersed market place. National media developed as the country’s transportation system grew.

Modern Advertising Agencies, science and creativity is the third stage in the evolution of advertising. The advertising industry grew to a remarkable \$500 million on media billing

and as a result, attracted the development of organizations specializing in advertising (agencies, established research technique) and moved into an era of more creativity (Kotler, 2007:456)

Starting in the early 1970s, the 'Accountability Era' began. Clients wanted ads that produced sales implanted technology, so they hired experts that could produce such results. In the early 1990s, the advertising industry recognized that its fate was linked to the global business environment.

The root of formal advertising in Nepal can be traced back to a print advertisement that appeared on the back cover of a book called Moksha Siddhi in 1862 A.D, and was taken out by Manoranjan press, Thaiti, to promote their various publications. The next instance of a Nepali Print advertisement on the cover of Gorkha Hasya Manjari, published by the Gorkha Bharat Press, Banaras, India. It can be safely said that the milestones and spurts of progress in the advertising sector have coincided with the development in mass media. The start of Gorkhapatra in A.D. 1901 is not only a landmark in the field of Nepali media but also the beginnings of advertising in Nepal (Adhikari, 2005:13).

Nepal explored another medium of mass communication through the introduction of radio broadcasting in 1945 A.D. Instituted by then prime minister Padma Samser and run by Kashi Raj Pandey from a powerhouse of Nepal Electricity Corporation in Tundikhel, the service was short lived, and was discontinued due to protest from other Ranas. Regular radio broadcasting commenced on 30<sup>th</sup> January 1951 when Nepal radio (now radio Nepal) was established. Initially, it did not offer advertising services, and due to the lack of reliable records, the presence of advertising content in the later years cannot be ascertained. The real impetus for radio advertising however came when private FM stations came in operation in 1990 A.D (Adhikari, 2005:15).

With the advent of Nepal Television on 29<sup>th</sup> December 1985, a new era of communications dawned in the Nepali media. But unlike print and radio, the ushering of TV did not bring about any dramatic changes or growth in the advertising sector. The start of private television have added to the choice and varied viewer-ship, but the medium is yet little figured domain for advertising possibilities.

The current age is one of convergence, and no medium is complete by itself, unless complemented by other media and technologies. The sector has moved ahead by leaps and bounds, but there is much yet to be exploited to reach potential. New research shows that using print and television in tandem adds considerable power to campaign. For example, in recall of advertising, the print plus TV multiplier effect lifted spontaneously recall by plus 127%. Significantly higher than the recall among those exposed to print campaigns only plus 76% or those exposed to TV campaign only 90% (Adhikari, 2005:17).

The advertising Association of Nepal started the Crity Awards to acknowledge are creativity in advertising. A first of its kind, the Crity Awards recognizes the talent of advertising professionals while acknowledging the contribution of advertising agencies to the sector, Nepali business and industries, and to the economy. The Crity Awards has been held four times with much acclaim the appreciation has given a best alternative for these business firms' positions their products in upper hand strategically in the market place.

In Nepal, to give an intuitional form, Advertising Agencies Association of Nepal (AAAN) was established in 1990 with a view to protect and promote the rights and welfare of the instability and different kinds of chaos but still the advertising sector is going sound despite many obstacles. With the rise in globalization, liberalization and media growth, this sector is in increasing phase. And every business firm cannot afford to have their own in house advertising agencies, so business of advertising agencies is rising up (Adhikari, 2005:25).

This is a clear indication that this business seems quite prospective and growing in the context of our country also but still it has been considered a business of minor importance and probably this would have been the reasons why laws have not been formulate to regulate this industry. Currently, unethical competition and lack of comprehensive and integrated advertising policies are hampering the advertising sector. There has been a demand laid several times by these Apex Bodies of Advertising like AAAN, Advertising Association of Nepal (AAN) to the government to bring about a national policy on advertising (Bhandari, 2004:38).

So this has been witnessed that it has been taking a promising shape over the time period from the time of 'Age of print' till the date, so we can say that it is also a dynamic process which keeps on changing, therefore, the advertisers have to launch an advertising program or a campaign keeping these facts intact because a very much certain thing that never changes is the 'change' in anything as the time passes.

In 2001, Space Time daily reported, annual consumptions of noodles in Nepal have crossed Rs.1.25 billion from an investment of Rs.5000 nearly decades back, which clearly indicates that the growth of instant business is soaring higher over day.

Now a day we can see that Chaudhary Group, Himalayan Snacks and Noodles Private Ltd, Asian Thai Foods, Gandaki Noodles etc. have been serving from their sides to their customers in ascending volume of sales. "It was estimated that annual consumption of noodles in Nepal has crossed one Lakh forty crore cartoons (one cartoon of 30 packets of readymade noodles)" (Shrestha, 2005:21). This clearly indicates that the prospect for the growth if the instant noodles business is improving day by day.

## **1.2 Statement of the Problem**

Advertising has been one of the important parts of life. Everyday people are exposed to different advertising through different media. The world of modern business is complicated, complex and very elaborate. Competition is highly increasing in every sector. So, in this context, organizations have been confronting situation to sell their products in the market without hurdles.

In the recent years there has been a downpour of advertisement of similar products thus these firms are finding it quite inaccessible and costly to reach and influence target customer's group. At the same time, consumers are quite diverse, so are their attitudes and the behaviors than ever before, so it is quite a challenging job to know why these consumers respond to certain advertisements and not to other.

And the advertising campaign of a firm is determined by two sets of constraints, one posed by the internal situation of the firm and this includes the capacity to invest in

advertisement, mission and goal of the establishment of the firm. The second one is the external environment of advertising such as competition, availability and reach of the media vehicles etc.

Here, the focus of the study is to look after the effects on sales by advertisement. So, the prime concern of this study would be to find out the effectiveness of the advertisement in terms of the message understood by the customers and its effects on their buying behavior, the investment's productivity in advertisement due to the sales generated there on and to reach a conclusion regarding the accomplishment of the advertising campaign it to it's mission and the objectives. As mentioned above, following are the major problems that have been identified for the purpose of this study:

- i. What is the existing situation of consumer's attitude and buying behavior?
- ii. Is there any relationship between advertisement and sales?
- iii. Is there any difference in advertising expenses and sales of different products?

### **1.3 Objectives of the Study**

The basic objective of this study is to analyze the effects of advertising is sales of noodles in Kathmandu. Apart from it some specific objectives of the study are:

1. To describe the existing situation of advertisement and consumer's attitude and buying behavior.
2. To explore the relationship between advertisement and sales.
3. To examine the advertising expenses and sales of different products.

### **1.4 Significance of the Study**

Diminishing profit brackets and increasing competitions has resulted the management to take a sincere care and planning about its expenditure including advertising expenses to secure at least a minimum acceptable level of return to operate the business, where the effects and the effectiveness of advertising on sales is an important issue. This study will be significant in finding the effects of the advertising in the communication part and in

the sales part primarily through the structured questionnaire and from the responses of the different kinds of respondents.

At the same time, it helps to find out a measurement of advertisement against the return generated from sales due to that particular advertising campaign and to find suggestive ideas for these business houses regarding the impact of their advertisement on sales.

### **1.5 Limitations of the Study**

The field of survey is confined to the Kathmandu valley so it may not be reflecting the exact case of whole Nepalese population. This study is limited to only two instant noodles (Mayos and Wai-Wai). Both primary and secondary data would be used but basically secondary data would be used. This study tries to link the effect of advertising on sales where it ignores other factors like price, place, quality, and packaging, product features that influence sales.

The accuracy of the study would depend on the actual secondary data available from the management of the company and the respondents. Besides than aforementioned limitations, following are the specific limitation of the study:

- The research covers the market of Kathmandu valley only.
- In absence of adequate literature, simple theoretical frame works are constructed.

### **1.6 Organization of the Study**

According to the generally prescribed format, the entire study has been organized into five different chapters as follows:

The I chapter deals about the introduction that focuses on the background of the study, Instant Noodles Business in Nepal, Statement of the problems, Objectives of the study, and Significance of the study, Limitations of the study and the organizations of the study. The II chapter is for Literature review. This chapter includes the overview of previous related thesis and theoretical concept of advertising. The III chapter deals about Research Methodology. This chapter includes the introduction of Research Methodology, Research

Design, Nature and Source of data, Population and Sampling, Data Collection Procedure, Data Processing and Tabulation and Method of Analysis. The IV chapter is vital part of this study. This chapter deals about the Presentation, Interpretation and Analysis of data. This chapter also presents major findings of this study. And in the V and final chapter the Summary, Conclusion and Recommendations have been presented.



## **CHAPTER II**

### **REVIEW OF THE LITERATURE**

This chapter covers the review of the available research and past studies. Therefore, the chapter is divided into two parts; theoretical background and review of past studies covering a study on impact of advertising on consumer attitude and buying behavior of noodles in the Kathmandu valley.

#### **2.1 Conceptual Framework**

Under the theoretical background the following aspect are discussed:

Management is simply known as “art of managing” or the art of getting things done efficiently and effectively. Management classifies its functions as Marketing, Finance, Human Resource Management, R&D etc. Among these Marketing is the most important functions of management. Marketing is the process of buying and selling of goods and services for the satisfaction of human wants. Thus, marketing refers to all business activities aimed at (i) finding out customers and their wants (ii) developing products to satisfy customers needs and desires (iii) getting those products to customers’ hands. In simple way, marketing is the tools and techniques that companies use to achieve its goals.

According to American Association (AMA) indicates “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas; goods and services to create exchange that satisfy individual and organizational objectives”. This statement covers many activities such as pricing, promotion, distribution etc. Among these, promotion is one of the important tools which communicate to firms’ potential customers. Promotion has been defined as ‘the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea’. (American Marketing Association, 2003:201).

Advertising is defined as a mass paid non-personal communication from an identified using mass media to persuade or influence an audience. Oxford Advanced Learner’s

Dictionary' indicates advertisement is a notice, picture or film about a product, job or service so this clearly depicts that this is an act of letting the target group know, hear or come across with the intentions behind the purpose of the advertising. It is way of making dissatisfaction to customers from older products (American Marketing Association, 2003:201).

Advertising is paid attempt by an identified or known firms or organizations to draw the attention and to influence their behavior through different kinds of media or access. The prevailing saying (proverb) that “communicative sells flour in spite of rice” clearly indicates that each and every firm has to notify about the products or services to the target group with a persuasive character which will eventually draw the attention of that group towards that product or services and to develop an interest about that product or services, so that it definitely, affects their buying behavior and that leads to a desired level of sales.

Consumer generally buys a product only after knowing about the attributes of that particular product. So, advertising plays a vital role in marketing, especially, in purchasing and providing information to at large number of scattered masses or probable buyers in different regions of the country. Due to rapid urbanization growth, there has been a significant change in eating habits of Nepalese People. We have been witnessing a declining trend of consumption of rice or other cereal foods and that has opened a huge space for growth of the instant noodles market due to being easy and fast to be consumed. The case cooking and availability of various flavors in instant noodles have further garnered the acceptance process (Wells, 2007:360).

Sales Promotion is a variety of short-term incentive to encourage trial purchase of a product or service. It means sales promotion serves as an inducement to buy a certain product while typically offering value to prospective customers. It is tool to gain quick response from buyers or aggressive sales.

A firm uses sales promotion to improve effectiveness of other components of promotion mix, especially advertising and personal selling. Popular sales promotional tools include free sample, premiums, coupons, discounts, rebates etc.

Sales promotion is a collection of selling activities like the use for price offs sponsorship of special events, in store demonstrations, international trade fairs and exhibitions etc. So, all these activities are short term efforts directed to the consumer or retailer to achieve specific objectives such as

- Consumer Product Trail and/or Immediate Purchase.
- Consumer Introduction to the store
- Gaining Retail Point of purchase Displays
- Supporting Advertising and Personal Sales

Public relations are those activities which are used to create and maintain firm's favorable relationship with customers, civil society, press, government. The purposes of the public relation are to promote the firms' image and to counter negative publicity as well. Press relation and public service activities are major tools of public relation (Wells, 2007:367).

The main objective of public relation is to secure mutual understanding with the publics and obtain goodwill from them. Besides that this could be awareness building, credibility building, stimulating sales force and channel members and to hold down promotion cost etc.

Personal selling is sometimes called the 'last 3 feet of marketing function' because 3 feet is the approximate distance between the sales person and the consumer on the retail sales floor as well as the distance across the desk from the sales representatives to a prospective business customer. A bond or partnership between a sales representative and his or he clients can be one of the most valuable assets a company holds in the market place.

Personal selling is the most effective tool at later stage of the buying process, particularly in building up buyer preference; conviction and action. Personal selling has three distinctive qualities (Wells, 2007:365).

- Personal confrontation: - Personal selling involves an immediate and interactive relationship between two or more persons. Each party is able to observe the other's reactions at close hand.
- Cultivation: - Personal selling permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship where sales representatives will normally have customer's best interests at heart.
- Response: - Personal selling makes the buyer feel under some obligation for having listened to the sales talk.

Direct marketing is marketing without middleman. It is direct persuasion by manufacturer to specific customer to seek customer order. It is an interactive marketing system to build long-term relationship with the customer. It is home shopping and non-personal. (Wells, 2007:367)

According to Philip Kotler (2003), "Direct marketing is the use of consumer-direct channel to reach and deliver goods and services to customers without using middleman."

Direct marketing is vending products to customers without the use of other channel members. Direct marketing is rapidly changing field and its definition is evolving. However, it does have five basic characteristics:

- I. It is interactive.
- II. It provides a mechanism for a customer to respond.
- III. It can occur anywhere.
- IV. It provides a measurable response from the customers.
- V. It requires a database of customer information.

Direct marketing is the fastest-growing element in the marketing mix because it provides consumers with three things they want most convenience, efficiency and compression of decision-making time (Kotler, 2003:112).

E-commerce is entire online process of developing, marketing, selling, delivering, servicing and paying for product and services transacted on internet worked, global market places of customers, with the support of worldwide network of business partner.

The buying and selling activities through internet is called internet marketing. Internet is the worldwide computer network which works as communication media to have direct contact with every individual customer. It helps to maintain long term relationships with stakeholders to make organization profitable. It also helps in integration of different P's including strategic association both at local and global levels. The use of internet has made easier in marketing different products such as hotel booking, airways booking, books, tape, magazines, dolls, transportation goods etc. (Wells, 2007:367)

Point-of-sales (POS) and packaging attempts to drive sales at the place where product is sold. The message-delivery capabilities of the package come into play here. POS materials include signs, posters, displays, and other materials designed to influence buying decisions at the point-of-purchase. Depending up on the product category, 30 to 70 percent of our are unplanned so the POS marketing materials take advantage of this fact, along with fulfilling other basic communication objectives such as product identification, product information, and product comparisons (Bhandari, 2004:23).

## **2.2 Role of Advertising**

Advertisement displays the product's attributes i.e. Feature, Function and Benefit. Advertisement plays an important role as it generates awareness regarding the product and services. Advertising is an aim at the promotion of ideas, goods or services by an identified sponsor or the firm

The real role of advertising is to predispose and reassure a target market. Too many variables are involved in making "sales" and most of them are beyond the control of the advertising. Ideally your advertising will be most effective if it can do these three things:

- Catch the attention of the target market
- Put forward a meaningful proposition

- Make your communication credible

Any creative work that you buy should be supported by these fundamentals.

The marketing communications consists of several related communication techniques such as advertising, sales promotion, direct marketing etc. The role of advertising within marketing is to carry persuasive message to actual and potential customers. One advertising campaign that has been very effective is the 'It is what is for dinner' campaign, started over 20 years ago when the America's Beef producers' trade association decided that the decline in beef consumption, due to consumer's concern for personal health, had to be reversed. Starting with TV commercial, featuring the voice of actor Robert Mitchum, America learnt that beef went along mom and apple pie. Since that initial ad, beef consumption has stabilized and increased twelve percent (Adhikari, 2005:42).

Advertising makes target group to remember the specific products and services. It also helps to bring change in the attitude, and buying behavior of the consumer. It is a basic tool to stimulate and influence demand. Besides these roles, some other specific roles are also performed by advertising which are:

### **2.2.1 The Communication Role**

Advertising is a form of mass communication. It transmits different types of market information to match buyers and sellers in the market place. Advertising both informs and transforms the product by creating an image that goes beyond straight forward faces.

### **2.2.2 The Economic Role**

There are view points about how advertising affects an economy.

In the first, advertising is so persuasive that it decreases the likelihood that a consumer will switch to an alternative product, regardless of the price charged. By featuring other positive attributes and avoiding price, the consumer makes a decision on various non price benefits.

The second approach views advertising as a vehicle for helping consumers assess value through price as well as other elements such as quality, location and reputation. Despite diminishing importance of price as a basis for comparison, advocates view the role of advertising as a means to objectively provide price value information, thereby creating a more rational economy (Adhikari, 2005:36).

### **2.2.3 The Societal Role**

Advertising also has several social roles. It informs us about new and improved products. It helps us to make comparison about product's features, function and benefit to make decisions. It also mirrors fashion and design trends and adds to our aesthetic sense. Advertising tends to flourish in societies that enjoy some level of economic abundance, in which supply exceeds demand. Despite its social role, critics have also argued that advertising has repeatedly crossed the lines of social values influencing vulnerable groups, such as young teenagers so strongly (Adhikari, 2005:56).

### **2.3 Advertising as a Part of Communication Information**

Communication is defined as transmitting, receiving and processing information. This definition suggests that when a person, group, or an organization attempts to transfer an idea or message, the receiver (another person) must be able to process that information effectively. Communication occurs when the sent message is understood by the intended audience. An illustration can be useful in demonstrating the communication process used to market a variety of goods and services. Let us assume some one plan to buy a new pair of athletic shoes. The senders are companies that manufacture and sell shoes. Reebok, Adidas, Nike etc. all tries to garner the customer's attention. In most case firms hire advertising agencies to construct messages but in some case a company has its own divisions. A finance manager serves as a mediator between Shoe Company and the ad agency. Encoding the message is the second step in the communication of a marketing idea. Someone must take the idea and transform it into an attention getting form, through an advertisement or some other verbal or non-verbal medium. A creative advertisement usually performs this role. Messages travel to audiences through various transmission devices. The third stage of the marketing communication process occurs when a channel

or medium delivers the message. The channel may be television carrying an advertisement, a bill board, a Sunday paper with a coupon placed on it, or a letter to purchasing agent of a large retail store. The shoe ads were transmitted through various magazines. Decoding occurs when the message touches the receiver's senses in some way. Some consumers will hear and see a television and others will handle and read a coupon offer. It is even possible to smell a message. A well-placed perfume sample may entice a buyer to purchase both the magazine containing the same sample and the perfume being advertised. Those interested in purchasing shoes pay closer attention to advertisements and other information about the shoes such as the brands being offered (Adhikari, 2005:35).

Quality marketing communication occurs when customers (receivers) decode or understand the message as it was intended by the sender. In case of shoe advertisement, effective marketing communication depends upon receivers getting the right message and responding in the desired fashion (shopping and telling their friends about their shoes etc.) So, communication refers to how the firm wants the target group to hear, listen, see or understand the specific advertisements in a way that firms expects it to be in relation to the exactness in the reciprocity of responses from the target group. So, it is a most important part of the whole advertising campaign. It is really important to assess that what is said, how it is said without over stepping social and legal norms. Most marketer work hard to communicate openly and honestly with consumers but still abuses occur, and public policy makers have developed a substantial body of laws and regulation to govern advertising like, companies must avoid false or deceptive advertising. The following table will explain the structure of communication mix.

At the same time, this has been another fact that communication with customers and other business requires more than simply creating attractive advertisements and eventually it has pushed an another promotional concept known as an 'Integrated Marketing Communications' IMC. An effective IMC process integrates numerous marketing activities into a single package, making it possible for companies to reach their target markets and other audiences more effectively. Although IMC program has been described in several ways, the consensus has define IMC as coordination and integration



of all marketing communication tools, avenues and sources within company into seamless program that maximizes the impact on consumer and other end users at a minimal cost. This integration affects all of a firm's business to business, marketing channel, customer focused, and internally directed communications. Integrated marketing communication begins with the development of a master marketing plan. The marketing plan is the basis of the total integrated communications design. The plan provides the coordination of efforts in all components of the marketing mix. The purpose of the plan is to achieve harmony in relaying messages to customers and other public. According to the American Association of Advertising Agencies, IMC is a concept of marketing communication that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines for example, general advertising, direct response, sales promotion and public relations and combines these disciplines to provide clarity, consistency, and maximum communication's impact through the seamless integration of discrete messages (Wells, 2007:123).

**Table 2.1**  
**A Structure of Marketing Communication Mix.**

Marketing Communication Element	Objectives	Customer Contact	Time of Response
Advertising	Attention, Attitude change and behavior change	Indirect	Moderate or short
Personal Selling	Sales	Direct	Short
Sales Promotion	Sales	Semi direct	Short
Direct Marketing	Behavior change	Semi direct	Short
Public Relation	Attitude change	Semi direct	Long
Point-of-sale and Packaging	Behavior change	Direct	Moderate

*Source: Wells, Burnett, Moriarty, Advertising Principles and Practice, 2007*

Nevertheless, IMC does produce stronger message consistency and greater sales impact and will improve the company's ability to reach the right customers with right messages at the right time and in the right place.

Integrated marketing begins with the development of a master marketing plan. The marketing plan is the basis of the total integrated communication design. The plan provides for the coordination of efforts in all components of the marketing mix. The purpose of the plan is to achieve harmony in relaying messages to customers and other publics. Planning also should integrate all key promotional efforts, which in turn keeps the company's total communication program in synch (Wells, 2007:124).

The primary steps i.e. the first step required to complete a marketing plan is a situational analysis, which is the process of examining factors the organization's internal and external environments. The analysis identifies external environmentally-generated marketing problems and opportunities; internal company strengths and weakness are also considered during the step. When the situation is fully understood, the second step is to define primary marketing objectives. These objectives normally are spelled out in the area of sales, market share, and competitive position and desired customer actions. Based on these marketing objectives, a marketing budget is prepared and marketing strategies are finalized. The marketing strategies include the ingredients of the marketing mix plus all positioning, differentiation and branding strategies the firm want to use. From these strategies, marketing tactics emerge to guide the day by day steps necessary to support marketing strategies. The final step in the marketing plan is the evaluation of performance. These six steps are similar to those prescribed by management strategist attempting to integrate all company leaders and marketing experts as they try to make certain the firm's total communication package is fully integrated (Wells, 2007:136).

## **2.4 Functions and Types of Advertising**

Advertising is complex because so many advertisers try to reach so many different types of audience.

### **2.4.1 Function of Advertising**

**Inform-** This kind of advertising is executed in the pioneering stage of a product category where the objective is to build primary demand.

**Persuade-** This becomes important in the competitive stage, where a company's objective is to build selective demand for particular brand. For example, Chivas Regal attempts to persuade consumers that it delivers more taste and status than other brands of

Scotch whisky. Some persuasive advertising uses comparative advertising, which makes an explicit comparison of the attributes of the two or more brands.

**Remind-** It is important with mature products. A related form of advertising is reinforcement advertising, which seeks to assure purchaser that they have made the right choice.

#### **2.4.2 Type of Advertising**

**Brand Advertising:** The most visible types of advertising is brand advertising. Brand advertising focuses on the development of a long term brand identity and image. Brand advertising is any means by which an organization seeks to influence the thought and actions of an individual, usually used to sell a product or to promote goodwill (Webster's Pocket Business Dictionary).

**Retail or Local Advertising:** Agent deal of advertising focuses on retailers or manufacturers that sell their merchandise in a restricted area. In the case of retail advertising, the message announces facts about products that are available in nearby stores. The objectives tend to focus on stimulating store traffic and creating a distinctive image for the retailer. Local advertising can refer of a retailer or a manufacturer or distributor who offers products in a fairly restricted area.

**Political Advertising:** Politicians use advertising to persuade people to vote for them or their ideas, so it is an important part of the political process that permits candidate advertising. Critics worry that political advertising tends to focus more on image than on issue, meaning that voters concentrate on the emotional part of the message of candidate, often overlooking important differences.

**Directory Advertising:** Another type of advertising is called directory advertising because people refer to it to find out how to buy a product or service. The best known form of directory advertising is the yellow pages, trade directories, organization directories etc.

**Direct Response Advertising:** Direct response advertising can use any advertising medium including direct mail, but the message is different from that of national and retail advertising as it tries to stimulate a sale directly. The consumer can respond by telephone or mail, and the product is delivered directly to the consumer by mail or some other carrier.

**Business-to-business Advertising:** Business-to-business advertising includes only message directed at retailers, wholesalers, and distributors and from industrial professionals such as lawyers and physician. Advertising is placed in most business and advertising publications or professional journals.

**Institutional Advertising:** Institutional advertising is also called corporate advertising. These messages focus on establishing a corporate identity or winning the public over to the organizations point of view. Many of the tobacco companies are running ads that focus on the positive things they are now doing and ads for America's pharmaceutical companies are also adopting that focus.

**Public Service Advertising:** Public service announcements (PSAs) communicate a message in behalf of some good cause, such as driving under the influence or preventing child abuse. There advertisements are usually created by advertising professionals free of charge and the media often donate the space and time.

**Interactive Advertising:** Interactive advertising is delivered to individual customers who have access to a computer and the internet. Advertisers use web pages, banner ads, and email to deliver their messages. In this context, the consumer can respond to the ad or ignore it.

**Functions of Advertising:** Even though each ad or campaign tries to accomplish unique goals to its sponsor, advertising performs three basic functions:

**Provide Product and Brand Information:** The main functions of advertising are to provide relevant information to its potential customers. The information depends upon the needs of the target audience. For example, in case of purchasing a new suit, information and outlet location is very important factors.

**Provide Incentives to Take Action:** In most of the cases, consumers are reluctant to change their buying behaviors. Even if they are somewhat dissatisfied with their current product, a habit has been established that learning about a new product is difficult. Advertising also sometimes gives the consumer reasons to switch brands. Convenience, high quality, lower price, guarantees are the stressed in advertising.

**Provides Reminders and Reinforcement:** Most of the advertising is directed at keeping and maintaining current customers in hand. Consumers usually forget why they bought a

particular brand of micro wave of automobile. Advertising must constantly remind the consumer about the name of brand, its benefit, its value and so forth. This same message helps to reinforce the consumers' decision. Most of the TV ads provide this function.

## **2.5 Advertising Program**

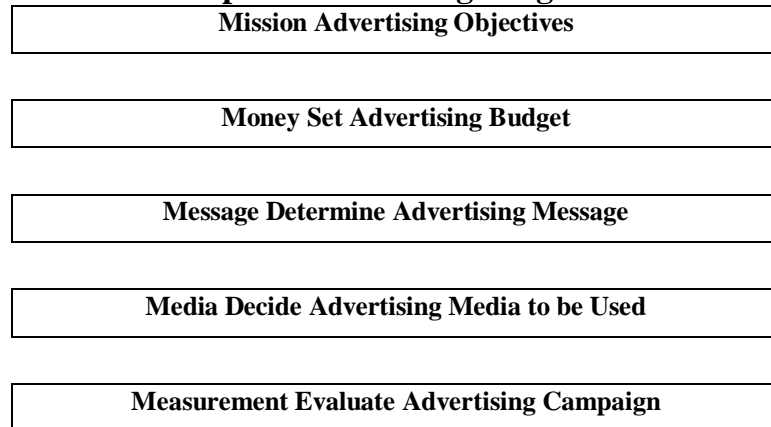
Advertising is part of a sound marketing plan. A well- planned advertising program is continuous and has a cumulative effect. So, it should include in corporate planning. Advertising campaign is the creation and execution of a series of advertisements to communicate with a particular target audience. Understanding specific consumer problems is often the key to developing an appropriate advertising campaign. Advertising campaign represents an important means by which organizations communicate with their customers, both current and potential. According to the Bendixen (1993), the specific objectives of an advertising campaign may adopt many forms e.g.

- Create success of a new product or brand
- Inform customers of a features and benefit of the product of brand
- Create the desired perception of the product or brand
- Create preference for the product or brand
- Persuade customers to purchase the product or brand.

Such objectives are all aimed at a higher purpose of enhancing the buyers' response to the organization and its' of feelings so as to achieve profitable sales in the long run. All the managerial should give times and efforts for planning and execution of advertising program as ideas and proper planning is what makes an effective advertisement. They should proceed to make the five major decisions in developing an advertising program (Kotler 2003:381):

- a) Mission        What are the advertising objectives?
- b) Money         How much can be spent?
- c) Message        What message should be sent?
- d) Media          What media should be used?
- e) Measurement   How the results should be evaluated?

**Figure 2.1**  
**Steps of Advertising Program**



*Sources P. Kotler, 2003*

**a. Mission Advertising Objective**

An advertising objective is a specific communication task to be achieved with a specific target audience during a specified period. Advertising objectives would be to inform, persuade and to remind.

**b. Money Set the Advertising Budget**

Marketer should remember that the role of advertising is to create demand for a product. The amount spent on advertising should be relevant to the potential sales impact of campaign. Setting the advertising budgets is not easy. How can a business predict the right amount to spend, which parts of the advertising campaign will work best and which have relatively little effect.

**c. Message Determine the key Advertising Message**

Spending a lot on advertising does not guarantee success. Research suggest that the clarity of the advertising message is often more important than the amount spent. The advertising message must be carefully targeted to impact the target customer audience. A successful advertising message should have the following characteristic

**Meaningful** message must be meaningful

**Distinctive** capture the customer's attention

**Believable** a difficult task, since research suggests most consumer doubt the truth of advertising in general.

**d. Media Decide which Advertising Media to be used**

There are a variety of advertising media from which to choose. A campaign may be one or more of the media alternatives. The key factors in choosing the right media include.

**Reach** what proportion of the target customer will be exposed to the advertising?

**Frequency** how many times wills the target customers are exposed to the advertising message?

**Media Impact** where, if the target customer sees the message – will it have most impact? Another key decision in relation to advertising media related to the timing of the campaign. Some products are particularly suited to seasonal campaigns on television (e.g. Christmas hampers) whereas for other products, a regular advertising campaign throughout year in media such as newspapers and specialist magazines is more appropriate.

**e. Measurement Evaluate Advertising Campaign**

The evaluation of an advertising campaign should focus on two key areas.

**The communication effect** is the intended message being communicated effectively and to the intended audience.

**The sale effect** has the campaign generated the intended sales growth. This second area is much more difficult measures.

Among these five program, measurement i.e. testing the advertisement effectiveness is very important, yet every difficult part of advertising management. It is advertising research that determines gap between the promise and the result achieved. Most of the measure of advertising effectiveness is of an applied nature, dealing with specific advertisement and campaign. All major advertising campaign will be evaluated by research (Kotler, 2003:356).

## **2.6 Effectiveness of Advertising**

Today, advertising finds itself in a serious bind. With a down economy, the tragedy of 9/11, and new technology that may threaten the way advertising operates, there is a need to rethink advertising as a strategic alternative. Advertising will only survive and grow if it focuses on being effective. All advertisers are expecting specific results, based on their stated objectives. Clients expect proof, and, for the most part, that proof must lead to or actually produce sales. It is no longer acceptable to tell a client, “Our ads work, we just don’t know how, when, and with what results” (Kotler, 2003:367).

Only the advertiser (and the supporting ad agency) knows whether the ad campaign reached its objectives, and whether the ad truly was worth the money. But are all award-winning ads effective ads? Not necessarily. In August 1996, Nissan launched one of the most memorable advertising campaigns in automotive history. Lively, music-filled commercials featured dogs, dolls, a grinning Japanese man, and the friendly tagline, “Enjoy the Ride”. One spot had an action figure pick up his Barbie-like date in a toy car to the tune of Van Halen’s. “You Really Got Me”. Time Magazine named it the best commercial of the year. Nissan poured \$330 million into the campaign (Kotler, 2003:365).

Too bad it didn’t sell cars. Nissan’s U.S. sales declined steadily during the first six months of the campaign, and, more alarmingly, the number of consumers planning to buy a Nissan was at its lowest point in six years. Dealers were irate because the campaign didn’t show the car. Nissan posted a \$518 million loss in fiscal 1998. Needless to say, the company cancelled the campaign.

Effective ads work on two levels. First, they should satisfy consumers’ objectives by engaging them and delivering a relevant message. And, as we said, the ads must achieve the advertiser’s objectives. Initially, a consumer may be interested in watching an ad for its entertainment value or to satisfy her curiosity. If the advertisement is sufficiently entertaining, she may remember it. However, she may then learn that the advertisement relates to a personal need and provides relevant information about how to satisfy that need. The advertisement may also offer enough incentive for the consumer to risk change



because it shows her how to satisfy her needs in a manageable way. Further, advertisement may reinforce her product decisions and remind her of how her needs have been satisfied.

The advertiser's objectives differ from the consumer's. Ultimately, Advertisers want consumers to buy and keep buying their goods and services. To move consumers to action, they must gain their attention. They must then hold their interest long enough to convince them to change their purchasing behavior, try their product, and stick with their product.

Three broad dimensions characterize effective advertising strategy, creativity, and execution. This study highlights these three dimensions

**Strategy:** Every effective ad implements a sound strategy. The advertiser develops the ad to meet specific objectives, carefully directs it to a certain audience, creates its message or speak to that audience's most important concerns, and runs it in media (print, broadcast, or the Internet, for instance) that will reach its audience most effectively.

**Creativity:** The creative concept is the ad's central idea that grabs your attention and sticks in your memory. A concern for creative thinking drives the entire field of advertising. Planning the strategy calls for imaginative problem solving the research efforts need to be creative, and the buying and placing of ads in the media require creative thinking. Advertising is an exciting field because of the constant demand for imaginative solutions to media and message problems.

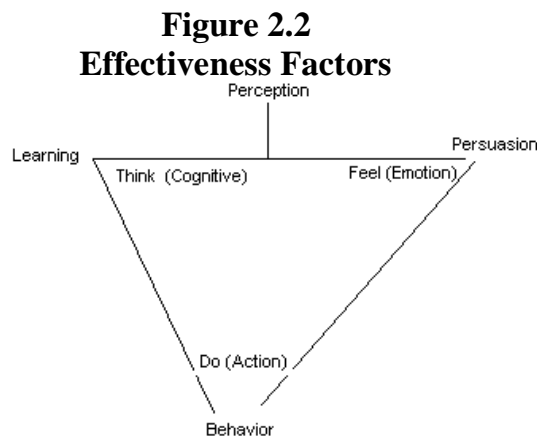
**Execution:** Finally, effective ads are well executed. That means that the details, the photo figure, setting, printing, and the production values all have been fine-tuned. Many of these techniques are standard in the industry, such as the use of products created by Adobe, a popular computer Figure software manufacturer.

Good advertisers know that how you say something is just as important as what you say. What you say comes from strategy, whereas how you say it is a product of creativity and execution. Strategy, creativity, and execution all contribute to whether and ad wins an award. But, as noted in the 'A matter of Principle' box, winning awards is only important

if advertising objectives are achieved. Although these three conditions must be met for an advertisement/campaign to be considered effective, they are not isolated. They depend on the types of impacts advertisers hope to create in the minds of the people who read, view, or listen to the ads (Adhikari, 2005:28).

Understanding the various types of intended effects that typically are the goals of advertising is the way we evaluate whether an ad is effective. However, effectiveness only occurs to the degree that certain effects- such as the impact or results of a message are accomplished. In order, then, to understand what effectiveness means in advertising, we need to have an idea of the key effects, or results, that advertising can typically accomplish.

A simplified model of a set of typical effects that advertisers hope to achieve is presented below



*Source: Wells, Burnett, Moriarty*

In this model, first level is perception, which means the advertiser hopes the ad will be noticed and remembered. Then there are two categories of effects that are either focused on learning, which means the audience will understand the message and make the correct associations, or persuasion, which means the advertiser, hopes to create or change attitudes and touch emotions. The last major category of effects is behavior getting the audience to try or buy the product, or perform some other action. In advertising strategy and planning, these effects are referred as objectives. Every advertiser, deep down inside,

hopes or assumes that each ad will produce sales. however, we know that to get to the sale, there are communication activities that need to take place and these are often the best indicators of the success of an advertising message, because other marketing variables may have more impact on sales. The relationship may be causal- the ad created \$\$ in sales response – or it may only make a partial contribution or lead prospects part of the way to sales. It may also reflect the kinds of communication effects that messages can be expected to deliver, such as understanding or conviction (Wells, 2007:178).

In addition, two other assumptions must be considered in analyzing advertising objectives. First, advertising communication objectives are derived from the company's marketing objectives, So, if red Robin restaurants has an objective to increase market share by 5 percent, this should have a direct impact on the stated communication objectives. In other words, the advertising objectives are designed to contribute to the accomplishment of this market share objective. The second assumption is that any of the communication objectives may be legitimate, even the ones that aren't focused directly on a sale. for example, Expedia.com is a new consulting company and it views its advertising as a way to draw attention to itself, create name recognition, and create understanding of the products and services it sells. The key effects from figure 2.3, which are used to determine the effectiveness of an advertisement, are further explained in table 2.2

Here the key categories of message effects are listed down the left side. The second column is labeled 'surrogate measures' and refers to they way advertisers evaluate how well the advertising worked, how- effective the advertising was in meeting its objectives. The advertising industry, led by agencies, has developed a set of measures that are indicators of these key effects. The exact terminology will vary, but the effectiveness of most advertising is evaluated based on such factors as consumers' exposure, attention, interest, and so forth.

**Table 2.2**  
**Message Effectiveness Factors**

Key Message Effects	Surrogate Measures	Communication Tools
Perception	Exposure Attention Interest Memory Recognition/ Recall	Advertising Media, Public Relations Advertising; Sales Promotion Advertising; Sales Promotion; Public Relations Advertising; Sales Promotion; Public Relations
Learning	Understanding  Image and Association Brand Links	Public Relations, Personal Selling; Direct Marketing; Advertising Advertising; Public Relations, Point of Purchase advertisement
Persuasion	Attitudes Form of Change Preference/ Intention Emotions and Involvement Conviction Belief, Commitment	Public Relations; Personal Selling; Sales Promotion Advertising; Public Relations; Personal Selling Events Personal Selling; Direct Marketing
Behavior	Trial Purchase Repeat Purchase, Use More	Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing

*Source: Wells, Burnett, Moriarty, 2007*

The next column lists the communication tool or tools that may be most appropriate for achieving the objective. Even though this study focuses on advertising, we recognize that advertising is just one part of the market communication mix, along with sales promotion, public relations, direct marketing, events, and personal selling. There are communication objectives that are more effectively accomplished through advertising, but there are situations where other communication tools may be more effective.

An examination of Table 2.2 shows that advertising is effective in accomplishing several objectives; for instance, creating exposure, attention, and awareness. It is also good at

providing a reminder to the customer and encouraging repurchase. However, other marketing communication tools, such as sales promotion, are better at getting people to respond with a purchase or other types of actions. Most advertisers try to measure the communication effect of an ad- that is, its potential effect on awareness, knowledge, or preference. They would also like to measure the ad's sales effect. And the main objective of this study is to measure the sales effects of the advertising (Wells, 2007:175).

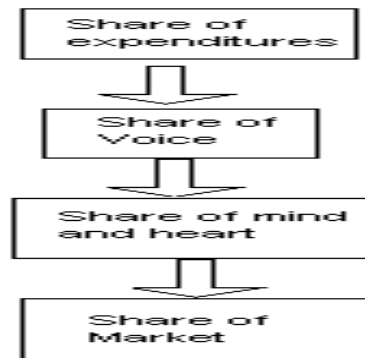
**Communication- Effect Research** Communication- effect research seeks to determine whether an advertisement is communicating effectively. Called copy testing, it can be done before an ad is put into media and after it is printed or broadcast. There are three major methods of advertising presetting. The direct rating method asks consumers to rate alternative ads. These ratings are used to evaluate an ad's attention, read-through, cognitive, affective, and behavior strength. Although an imperfect measure of actual impact, a high rating indicates a potentially more effective ad. Portfolio tests ask consumers to view or listen to a portfolio of advertisements, taking as much time as they need. Consumers are then asked to recall all the ads and their content, aided or unaided by the interviewer. Recall level indicates an ad's ability to stand out and to have its message understood and remembered. Laboratory tests use equipment to measure physiological reactions – heartbeat, blood pressure, pupil dilation, perspiration- to an ad. These test measure attention getting power but reveal nothing about impact on beliefs, attitudes, or intentions.

Advertisers are also interested in post testing the overall communication impact of a completed campaign. If a company hoped to increase brand awareness from 20 percent to 50 percent and succeeded in increasing it to only 30 percent, then the company is not spending enough, its ads are poor, or some other factor has been ignored (Wells, 2007:173).

**Sales-effect Research** what sales are generated by an ad that increases brand awareness by 20 percent and brand preference by 10 percent? Advertising's sales effect is generally harder to measure than its communication effect. Sales are influenced by many factors, such as the product's features, price, and availability, as well as competitors' action. The fewer or more controllable these other factors are, the easier it is to measure effect on

sales. The sales impact is easiest to measure in direct-marketing situations and hardest to measure in brand or corporate-image-building advertising. Companies are generally interested in finding out whether they are overspending or under spending on advertising. One approach to answering this question is to work with the formulation shown in figure 2.4

**Figure 2.3**  
**Formulas for Measuring Sales Impact of Advertising**



*Source Philip Kotler, 2003*

A company's share of advertising expenditures produces a share of voice that earns a share of consumers' minds and hearts and ultimately a share of market. Peckham studied the relationship between share of voice and share of market for several consumer products over a number of years and found a 1-to-1 ratio for established products and a 1.5-2.0 to 1.0 ratio for new products. Using this information, let us suppose that we observed the following data for three well-established firms selling an almost identical product at an identical price.

**Table 2.3**  
**Measuring Sales Impact of Advertising**

	(1) Advertising Expenditure	(2) Share of Voice	(3) Share of Market	(4) Advertising Effectiveness (column 3 ÷ column 2)*
<b>A</b>	\$2,000,000	57.1	40.0	70
<b>B</b>	1,00,000	28.6	28.6	100
<b>C</b>	500,000	14.3	31.4	220

*Source Philip Kotler, 2003*

Firm A spends \$2 million of the industry's total expenditures of \$3.5 million, so its share of voice is 57.1 percent. Yet its share of market is only 40 percent. By dividing its share of market by its share of voice, we get an advertising-effectiveness ratio of 70, suggesting that firm A is either overspending or misspending. Firm b is spending 28.6 percent of total advertising expenditures and has a 28.6 market share; the conclusion is that it is spending its money efficiently. Firm C is spending only 14.3 percent of the total and yet achieving a market share of 31.4 percent; the conclusion is that it is spending its money super efficiently and should probably increase its expenditures.

Researchers try to measure the sales impact through analyzing either historical or experimental data. The historical approach involves correlating past sales to past advertising expenditures using advanced statistical techniques. Palda studied the effect of advertising expenditures on the sales of Lydia Pinkham's vegetable Compound between 1908 and 1960. He calculated the short-term and long-term marginal sales effects of advertising. The marginal advertising dollars increased sales by only \$50 in the short term, suggesting that Pinkham spent too much on advertising. But the long term marginal sales effect was three times as large. Palda calculated a post tax marginal rate of return on company advertising of 37 percent over the whole period.

## **2.7 Method of Testing Advertising Effectiveness**

As per the need and nature of the business, there are some methods for testing advertising effectiveness which are presented below but the main focus of this study has been given to the total sales generated in a year in comparison to the advertising expenses of these sample firms.

### **2.7.1 Recall Test**

Recall test is conducted by providing the respondents some contextual cues on the basis of which they are expected to recall the advertisement. The cue can be in the form of the name of the newspaper or magazine in which the advertisement was published or the television which carried the advertisement related information recalled by the consumer. Recall scores are prepared on the basis of their responses and are used to indicate the

power of the ad to be noticed and retained. Recall of specific messages from advertising is not a very good indicator of advertising effectiveness, and some very effective commercials produce little measurable message recall. Message recall is a positive factor, but its importance should not be overstated (Kotler, 2003:164).

### **2.7.2 Recognition Test**

Recognition tests are generally conducted to test the effectiveness of print advertisement. Under this method, the selected respondents are given the print mediums, in which the advertisement was published. They are asked to identify a particular advertisement published or broadcasted in the medium. The technique is called recognition method because it is assumed that the reader will identify the things which he recognizes as having seen or having read. Unlike the recall procedure, the respondent is not asked to reconstruct any part of the original advertisement. Recognition tests seldom attempt to penetrate to the reader's buying motives and habits, nor do they seek his opinion. Their usual purpose is to discover the relative attention-value and interest of advertisements. Usually they are made by personally interviewing representative readers of a publication and asking them to identify the advertisements which they remember having seen or read. Obviously, the element of recall enters all recognition tests, because made sometime after the person saw the advertisement. And since the longer the interval of time that elapses between the appearance of the publication and the interview the greater the chance of forgetting, the interview are usually limited to current or recent issues of magazines. For each ad, three different Starch readership scores are prepared from the recognition data.

**Noted** The percentage of readers of the magazine who say they have previously seen the advertisement in the particular magazine,

**Seen/Associated** The percentage of readers who say they have seen or read any part of the ad that clearly indicates the names of the product or service of the advertiser.

**Read Most** The percentage of readers who not only looked at the advertisement, but who say that read more than half of the total written material in the advertisement.



### **2.7.3. Inquiry Test**

The oldest and still the most popular method of testing advertisements is by the number of inquires. It is controlled experiment conducted in the field. In inquiry test, the number of consumer enquires produced by an advertising copy or the medium is considered as the measure of its communication effectiveness. Therefore the number of inquires is the test of effectiveness which can be produced only when the advertising copy or the medium succeeds in attracting and retaining reader or viewer attention. Ads generating the most responses are presumed to be the most effective.

### **2.7.4 Triple-Association Test (TAT)**

This test is done to know whether the prospective consumer know the brand of product or not. The advertisers attempts to know consumers association of brands with some benefits or the other. In the triple-association test, the respondent is provided with clues or ideas with which he is asked to associate a brand. For example which noodles advertises as *Paknama Chhito Khanama Mitho*? If answer is '**Wai-Wai**' then it is correct to say that he has made the right association between the brand name of the noodles and its advertising theme. Through this test the advertiser try to discover what ideas have been registered by the advertising in the minds of the public and what action has resulted from it. Thus, an advertiser subscribing to the service may have inserted in the interview some question that will indicate how successfully his advertisements have achieved their objective.

### **2.7.5 Sales Tests**

Advertising is intended, directly or indirectly, to solicit sales. since the ultimate objective of many advertising campaigns is an increase of sales, an ideal test would be one that measures, not the number who see and read, or the number who inquires, but the number of actual sales that result from an advertisement. But it is difficult to segregate the effects of an individual advertisement from those of preceding advertisements and other sales-producing factors. Seldom does a single advertisement deserve all the credit for the sale. Nevertheless some tests have been devised which measure relative values with a fair degree of accuracy.

### **2.7.6 Attitude Tests**

Advertising effectiveness can be derived from different mediator. It has been most common in advertising research to examine the effectiveness of the advertising by means of the attitude concept. Attitude is defined as 'an individual's internal evaluation of an object'. Attitude toward the ad can be defined as a 'predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during a particular exposure occasion'. This is an indirect measurement of the post-testing effects of ads on attitudes towards the advertised product or brands. The change in attitude as a result of advertising is assessed. The assumption is that favorable attitude towards the product may lead to purchases. Most ads are designed to either reinforce or change existing attitudes. An attitude is a favorable or unfavorable feeling about a product.

The attitudes are measured by rating scales. Indirectly, the individual is asked to indicate his agreement or disagreement with certain statement, thus overcoming the need of self-assessment. The score calculated on the basis of agreements disagreements is taken as a measure of the attitude of an individual. Several types of indirect scales are now available to measures attitudes. Directed questions, semantic differential tests, or unstructured questions are given to measure changes in respondents attitudes after an advertising campaign (Adhikari, 2005:35).

### **2.7.7 Profit**

Profit is the base for the existence of any kind of the firm. For the corporate houses, business firms the surplus in between the total sales revenue to the total cost is termed as the profit and it is which that makes possible for the long-term survival and the growth of those firms.

Profit is the most for the survival and growth of any business entity but profit doesn't just happen or improve. They are managed, management of the profits require planning, activating, co-coordinating and controlling of divergent organizational activities bearing direct or indirect effects on profit. And the one that is being discussed is advertising and the level of the profit is also greatly affected by the success or the failure of the whole advertising campaign.

Thus, an advertising campaign has a significant contribution in the level of profit generation, so it should be systematically, planned, executed, monitored and evaluated so that it comes a great help for those firms to achieve the end results quite matching to the intended ones.

### **2.7.8 Sales Turnover**

As stated earlier, even the best product manufactured cannot sell in its own. Going to personal selling is almost an impossible task to carryout for the firms to sell their product services and the ideas in this competitive environment which has been growing on and on domestically and globally so advertising comes as a major weapon to fulfill all these necessities to promote and enhance the sales level. And the thesis conducted by Aryal in 1996 about "Consumers Impact through Electronic Media" concluded that there is a positive relationship between advertisement and sales volume. Advertising not only helps to enhance the sales volume but also to maintain and improve the sales level further in the future.

It is said 'Good wine needs no bush'. This information about the products should reach those who are interested in buying such products. In a highly sensitive and competitive marketing mechanism, profits of the firm can be maximized not alone by reducing the costs but multiplying the sales turnover rate finally reflecting in maximum total profits. Sales of the firm can be multiplied by advertising that involves additional expenditure. Quick turnover will mean reduced lock-up of capital, costs, wastages and losses as the stock on the shelves is held for a shorter period.

The rate of sales turnover once achieved is not only to be maintained but also improved upon further Advertising does this by repeat sales. A regular, effective and frequent advertising helps to ensure a more loyal clientele by keeping the name, location and the products of the selling house constantly before the customers. Under the normal business conditions; advertising helps not only in maintaining but extending the sales turnover. Even during the periods the depression the sales profile of the firms advertising has not been adversely affected, during the depression period, the point lies in reducing the losses as losses are common to all firms where advertising has its helping hand.

## **2.8 Public Awareness and Knowledge**

Advertising helps to generate awareness about the products, services or ideas to the target group of the customers by letting them know that such products, services or the ideas do exist around them. It plays so important role in the context of the people like Nepalese about awareness generation among the people as most of them are ignorant and inaccessible due to the situational and political adversities. It may be commercial awareness regarding the products, services or the ideas or non commercial awareness like health awareness, educational awareness, awareness regarding their rights etc.

This eventually will help to educate the target group of the customers to enhance more knowledge about the products, services and the ideas. Where it helps them have more information regarding the attributes, features, price, availability of such products so that consumer can buy the best one that exactly fits the deficit and needs. Collectively advertising is one of the major tools to generate a public awareness and to educate more to have more knowledge about the products, services and the ideas.

## **2.9 Instant Noodles Business in Nepal**

In Nepal's context the concept of noodles is developed just two decades old. First products are introduced by Tibetan refugees in name of Chaumin in menu. They teach Nepali to eat noodles.

As a marketing way the concept of noodles in Nepalese market is introduced by Indian company nestle India ltd. they launched "Maggi" as a white noodles given concept of "2 minute Noodles". They increase the market and done monopoly business for few years. After some year due to heavy demand of noodles in Nepal, Gandaki noodles Ltd. established noodles industries in 1980. They produce noodles by the name of RARA with Japanese technology the company is established as the first Instant noodles company in Nepal/ after grand success of Gandaki noodles Ltd., in 1984 Chaudhary group entered in instant noodles market and introduced "Wai Wai" as precooked instant noodles (Brown Noodles), which can be eaten without cooking. In a few time "Wai Wai" become a brand leader in the market of instant noodles. After grand success of Wai Wai many company

introduced various noodles as the name of Yum Yum, Min Min, Hits, RaRa, Rum Pum, Mayos, Sathi, Gol Mol, U-key etc.

**a) White Instant Noodles:**

These types of noodles are uncooked and it has to cook for two minute to make ready to eat. The first white noodles in Nepal are RARA which is introduced by Gandaki Noodles Pvt. Ltd. Before the entrance of RARA it has imported from abroad. The popularity of white instant noodles is increasing day by day. It is very much popular in mountain and hilly area. In the urban area it is not so popular.

**b) Brown Instant Noodles:**

These types of noodles are pre-cooked. It can either eat directly or by cook. Brown instant noodles are very much popular in hilly area. People of plain area also very much consume this type of noodles. Least number of people uses brown instant noodles in mountain area. Wai Wai is the first brown instant noodles in Nepal (Adhikari, 2005:38).

The changes in the eating habits of Nepalese people and the continuous progress towards a cosmopolitan's society are unprecedented. In terms of foods items, the traditional rice, cereals, vegetables and non-vegetarian dishes have developed and advanced by incorporating several new dishes from all around the world. It has been apparent for some year that increasing time pressure on consumer has been the main force behind a shift away from traditional meal time.

The decline of eating at a formal lunchtime is creating new markets segments and strong growth in the snack food market. The most common and readily accepted snack by all Nepalese has been seasoned instant noodles. The ease of cooking and availability of various flavors in instant noodles has further hastened the acceptance process. As instant noodles are pre cooked by frying in edible oil, the ease of carrying and eating is phenomenal. Consumers are taking noodles while engaged in other activities, such as office work, playing computer games or commuting snacks.

Due to popularity of noodles among Nepalese people, market of noodles is growing as well as competitions among them. In 2001, Space Time daily reported that 'Annual Consumptions of Noodles in Nepal have crossed Rs. 1.25 billion'. From a humble investment of Rs, 5,000 nearly three decades back; the noodles industry has drawn millions of rupee of investment over the years. Annual production of noodles in Nepal has been about 3.8 million cartons. Over the last five years annual growth rate of noodles industry has been up to 20% (Adhikari, 2005:47).

As per the reports shown in the latest edition of the BOSS Magazine, it has been revealed that the Wai-Wai Instant Noodles leads business with any business product and services where as Mayos Instant Noodles stands at third position in its business in Nepal. So this is a clear indicator which makes us believe that the instant noodles business is soaring higher and higher every year. Recently HSNPL is working on to set up another production plant in Bhairahawa to meet the increasing demand for their product. Despite Nepal is facing a serious recession in most of the businesses and the economy also but still the demands for these products are ever increasing. Basically, noodles marketing companies are shifting their emphasis on pull strategy instead of push strategy. The pull strategy selling is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. Marketers are emphasis more on consumer schemes, media advertisement etc. And in present condition without pull strategy nobody survives and grows in market (Adhikari, 2005:48).

## **2.10 Review of Related Studies**

In this section, related and appropriate studies to the title are reviewed.

Maharjan (2007) entitled, A Study on Advertising Effectiveness of Noodles through Television revealed that the most of the noodles advertising were effective and interesting. Communication effectiveness of Mayos advertising is effective where as sales effectiveness of Wai-Wai's advertising is effective. In context of Nepali channel, Nepal Television is the biggest player with 56.3% of viewer ship and then come Kantipur 23.7% and Channel Nepal 8.3%. Hundred percent respondents believe that advertising

helps to increase the total sales of the company. It is concluded that there is positive relationship between advertisement and sales volume.

It is revealed that business firms are using more and more advertising. Business enterprises advertise when they launch new products, or offer discounts or cut the prices. But advertisers hardly measure the effectiveness and efficiency of their advertising programmers.

Baniya (2009) had carried out research entitled “A study of *Buyer Behavior in Pokhara* with special reference to cross-cultural buying pattern” in 2010 with the major objective to reveal the buying pattern and purchase frequency of clothing and grocery, purchase location types of store used by buyers and to determine the criteria used by the buyers to choose particular product, brand, store and find their attitude towards bargaining. To serve above objective 100 questionnaire were filled up by British-Gurkha and local people. The major finding was:

- a. The majority of British-Gorkhas and the large number of the local people use clothing of foreign, Indian and Chinese brand.
- b. As regards the purchase frequency of clothing, the majority of the British-Gorkha and the local people purchase clothing on half-yearly basis except jacket.
- c. So far as the criteria used to choose a product is concerned, quality, price and brand reputation seem to be the most determining criteria for choosing the clothing.
- d. As regard the criteria used to choose a brand, quality, price, producer’s goodwill, advertisement and other’s impression seem to be the decisive criteria for the choice of a brand. Beside this, prize scheme and packaging of the product also play an important role especially in the choice of grocery product.
- e. Availability of the wide varieties of quality goods, courtesy of salesman, price discount offered by the store and the location of the store are the most determining criteria for store choice of clothing.

Dahal (2009) conducted a study on "Patterns of Consumer Decision Making Process While Purchasing High Involvement Goods in Nepal". The objective of this study is to examine the patterns of consumer decision-making process in high involvement goods in Nepal. The major findings of his study are as follows:

- The Nepalese motorcycle buyers undertake information search with greater emphasis upon dealer and inter personal sources of information.
- Nepalese motorcycle buyers have rather small-evoked set size for both the makes and models.
- Nepalese motorcycle buyers used five types of sources namely brochures, test drives, advertisements, interpersonal sources and dealer visits.
- Total search effort is positively related with education, went with some one, evoked number of models and shopping orientation but it is negatively related with prior preference for manufacturer and model.
- Motorcycle buyers of Nepal were classified into two groups. One is an Indian motorcycle buyer and another is a Japanese motorcycle buyer.

Pant (2010) study a research on "A Study on Brand Loyalty". The major objectives of this study were to examine brand awareness of the Nepalese consumers and to identify the correlates of brand loyalty especially on low involvements products for this purpose. Primary data were collected from 100 consumers with the help of a structured questionnaire. The major findings of his study were:

- Most of the Nepalese consumers are brand loyal. However, the percent of the consumers showing strong or entrenched loyalty is very low.
- Brand loyalty varies across consumers as well as products. Brand loyalty is relatively in the products that are frequently needed than those which are needed or used less frequently.
- The consumers belonging to 26 to 40 years of age are more brands loyal than those belonging to any other age group.
- The consumer belonging to the nuclear family system is comparatively more brands loyal than those belonging to the joint family system.



- Brand loyalty is strongly associated with consumers' income and shop loyalty.
- Brand loyal consumers are less influenced by special deals like free samples; discount coupons, price activities and advertisements.

Baral (2011), studied, “A comparative studies on the communication effect of advertising & brand preference, (A case study of Instant Noodles)”. The study was under-taken for the partial fulfillment of MBS requirements in 2006 with an objective of examining the effectiveness of advertising of RaRa and Yum Yum instant noodles; assessing the relationship between brand preference and advertising in case of instant noodles. The study trying to meet these objectives concludes that;

1. Given the amount of money that companies spent on adverting and promotion every year there is a need to measure the effectiveness of this expenditure.
2. The Yum Yum noodles advertising expenditure is decreasing every year but sales are increasing 12 to 15 every year. The advertising expenditure for the RaRa and the volume of sales are almost constant.
3. The Nepal television, radio Nepal and The Newspaper are proper media for advertisement chosen by the Companies.
4. Most of consumers are informed of the brands by advertisements.
5. The commercial sector is the largest advertiser in Nepal.
6. There is no specific Communication Act to control advertisements.
7. The printed media are mostly used in advertising, but their effectiveness is not high.
8. There is a high association between the quality of advertisement and brand preference.
9. There is no difference between the Yum Yum & RaRa noodles with regard to the quality of advertisement.

After drawing these Conclusions the study recommends the Companies, especially to the Gandaki noodles the producer of RaRa to increase the advertisement expenditure and reshape the price quality, style of the products since most it is in maturity stage. The radio

advertisements and Tele-advertisements are most effective and cover a wide range of population and the producers of noodles are requested to make use of these.

At the sometime, the study recommends the government to censure the advertisements so that the manufactures do not are the advertisements according to there interests ignoring the consumers interests.

With the objectives of analyzing the effectiveness of advertisements on brand choice of Consumer products, evaluation of the role of advertisements in product positioning from the consumers perspectives and consumers response to advertisements and other promotional tools.

Shrestha (2011), undertook the study entitled ‘The Role of Advertising in Brand Choice & Product Positioning’. The study has concluded that advertisements are the important means of sales promotion and consumers respond well on these. Advertisements of instant noodles and soft drinks found appealing and Tele advertisements are most effective. It is also stated that the advertisements aired through F.M have been popular in recent years.

It has been recommended that especially in case of instant noodles and soft drink advertisements through electronic media are effective and the companies are required to make even effective advertisements.

Basnet (2011), undertook the study entitled “a study on market potentiality of Gandaki Noodles in Kathmandu valley’ which aimed at analyzing the production of noodles, marketing process and marketing mechanism of the Noodles industries in Nepal with special attention given to Gandaki Noodles.

The study starts with the theoretical consideration of marketing and enters the empirical part of the study analyzing the various aspects of production marketing and the role of promotional activities in the sales/ demand for the products in the market.

The study on the basis of information collected through questionnaires to the producers and consumers concludes that the noodles industries produce limited varieties (mostly single) of products and therefore do not cover the consumers with wide range of tastes and option.

The incentives offered to the marketing agents by the noodles manufactures are low and below the expectation of the consumers and they deal with the noodles just for expanding the volume of their turnover. Thus the promotion activities targeting to motivate the dealers/ retailers are insignificant.

## **2.11 Concluding Remarks**

The job of conducting research and preparing report is difficult in itself especially to the unprofessional person like a student. It is also very difficult to collect data whether it is questionnaire or primary data. This thesis is a complete outcome of the research on mentioned topic from the best of my effort and knowledge.

This research is an original one should be the foundation for the future researchers to know about the impact of advertising on consumer's attitudes and buying behavior of noodles in the Kathmandu valley. This study is different than other's study due to the following reasons.

- I. The researcher has researched the Mayos and Wai Wai which covers the big market in Nepal.
- II. This study includes the very recent impact of advertising in advertising, effectiveness of advertisement in sales over its expenses.
- III. The study particularly shows how these companies are growing despite of critical market situation.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methodology employed in this study. Research methodology is a way to systematically solve the research problem. In other words research methodology describes the methods processes applied in the entire aspect of the study. This chapter describes research design, population, sampling procedure, and sources of data and analysis of data.

#### **3.2 Research Design**

The present study is exploratory and descriptive in nature. The main aim of this study is to reveal the impact of advertising on consumer attitudes and buying behavior of Mayos and Wai Wai Noodles in the Kathmandu Valley. Therefore, a survey research design is applied for this study.

#### **3.3 Population and Sample**

The population for the study are all organization producing noodles and all potential and existing customers of noodles are population for unit of analysis as individual .So, the research population has been, in business, Himalayan Snacks and Instant noodles Pvt. Ltd, Chaudhary Group, Gandaki Noodles, Asian Thai Foods, The General Food Pvt. Ltd. and the people for the research population are the consumers of different brands of such instant noodles produced. Due to the situational and resource limitations, it is not being possible to collect information from all the number of the research population.

It has been conducted only in two instant noodles company i.e. Himalayan Snacks and Instant Noodles Pvt. Ltd. and Chaudhary Group as research sample. And from the people, two hundred twenty five consumers of different age groups, having different level of income level, education, profession attitudes and beliefs and from the different possible parts of the country have been chosen as the sample respondents for the primary data inception and collection.

### **3.4 Sources and Types of Data**

The companies chosen as the sample for the study are the sources for the data and the respondents are the sources for the primary data. So, secondary and the primary data are being used. The primary data has been collected through questionnaire, interviews surveys and direct meetings; whereas the secondary data has been taken mainly from annual reports of the concerned firms i.e. Himalayan Snacks and Instant Noodles Pvt. Ltd. and the Chaudhary Group. And the similar excerpts have been drawn from the other sources like Internet, websites and the advertising agencies etc. Questionnaire served mainly in Dillibazzar and Putalisadak locality out of them almost 40% was female population. Out of the hundred questionnaires distributed, only eighty-five were responded.

### **3.5 Data Analysis Tools**

This step is a blue print for decoding the information of the data collected from the primary and the secondary sources. And to do so statistical and mathematical tools has been used. Tables, Figures and Figures, as per the need, have been used to demonstrate the data. The statistical tools would be Average, Percentage, Standard Deviation, Variance, Correlation and Regression Analysis and Coefficient of Variance (CV) in needed areas of the study while drawing inferential conclusion.

#### **3.5.1 Arithmetic Mean/ Average (A.M.)**

Arithmetic mean or simply a ‘mean’ of a set of observations is the sum of all the observations divided by the number of observations.

$$\text{Symbolically, } \bar{X} = \frac{\sum X}{N}$$

#### **3.5.2 Standard Deviation**

Standard deviation is defined as the positive square root of the mean of the square of the deviations taken from the arithmetic mean. It is denoted by  $\sigma$ .

$$\text{Symbolically, } \sigma = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

### 3.5.3 Variance

According to William I Greenwald the variance is the mean of the square deviations about the mean of a series. Thus, variance is the square of the standard deviation and is denoted by  $\sigma^2$ . For a frequency distribution variance is given by, (page 6.20, Fundamentals of Stats, S.C. Gupta, Himalayan Publishing House, 2007)

$$\text{Symbolically, } \sigma^2 = \frac{1}{N} \sum f(X - \bar{X})^2$$

### 3.5.4 Coefficient of Variance (C.V.)

The percentage measure of coefficient of standard deviation is called efficient of variation. It is used for comparing the homogeneity, uniformity, and variability of two or more distributions.

$$\text{Symbolically, } C.V. = \frac{\sigma}{X} \times 100$$

### 3.5.5 Correlation Analysis

Correlation is the measure of relationship between two or more characteristics of a population or a sample. It simply measures the changes between the phenomenons. If two quantities vary in a related manner so that a movement in increment or decrease in one tends to accompanied by a movement in the same or opposite direction in the other, they are called correlated. If the relationship is direct they are called positively correlated and if the relationship is an inverse they are called negatively correlated. If any change in one does not affect the other variable they are called uncorrelated. The correlation may be perfect, imperfect or zero.

Symbolically,  $r = \sqrt{b_{yx} \times b_{xy}}$  or

$$r = \frac{n \sum uv - (\sum u)(\sum v)}{\sqrt{n \sum u^2 - (\sum u)^2} \sqrt{n \sum v^2 - (\sum v)^2}}$$

### 3.5.6 Regression Analysis

When two or more sets of data are closely related one after wants to know both the form of the association or relationship and the strength of the relationship. The measurement of the form of relationship between variables is called Regression Analysis. It deals with the procedure of estimation or prediction of unknown values of one variable from known values of another variable. Thus, it is the average relationship between two or more variables and it is used as a tool of determining the strength of relationship between two ore more variables.

$$\text{Symbolically, } y - \bar{y} = b_{yx}(x - \bar{x})$$

## CHAPTER IV

### DATA PRESENTATION AND ANALYSIS

This chapter covers the data presentation and analysis of secondary and primary data of the past studies. The first part of study incorporates analysis of secondary data and part the second part involves primary data analysis.

#### 4.1 Presentation and Analysis of Secondary Data

This segment provides a wise picture of the role of advertising and its expenses of these two instant noodles firms over their respective sales. The data collected from these two firms are presented from the Fiscal year (FY) 2007/08 to 2011/12 i.e. the figures provided by these two firms over last five years. The analytical part of the secondary data has been put forward in the following way

##### 4.1.1 Analysis of A.M. of Advertising Expenses and Sales of Mayos and Wai-Wai Instant Noodles

Table (4.1) shows the analysis of A.M., S.D., C.V. of advertising expenses and sales of Mayos and Wai-Wai instant noodles.

**Table 4.1**  
**Average Advertising Expenses and Sales**

Fiscal Year (FY)	Wai-Wai		Mayos	
	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)
2008	17586	267313	21243	154251
2009	18959	352483	36255	253254
2010	20564	455478	36246	365478
2011	22089	595745	48125	485745
2012	22931	757594	52155	584578
<b>Total</b>	<b>102129</b>	<b>2428613</b>	<b>194024</b>	<b>1843306</b>
<b>Average</b>	<b>20425.8</b>	<b>485722.6</b>	<b>38804.8</b>	<b>368661.2</b>

*Source Annual report of Chaudhary Group and Himalayan Snacks and Instant Noodles Pvt. Ltd.*



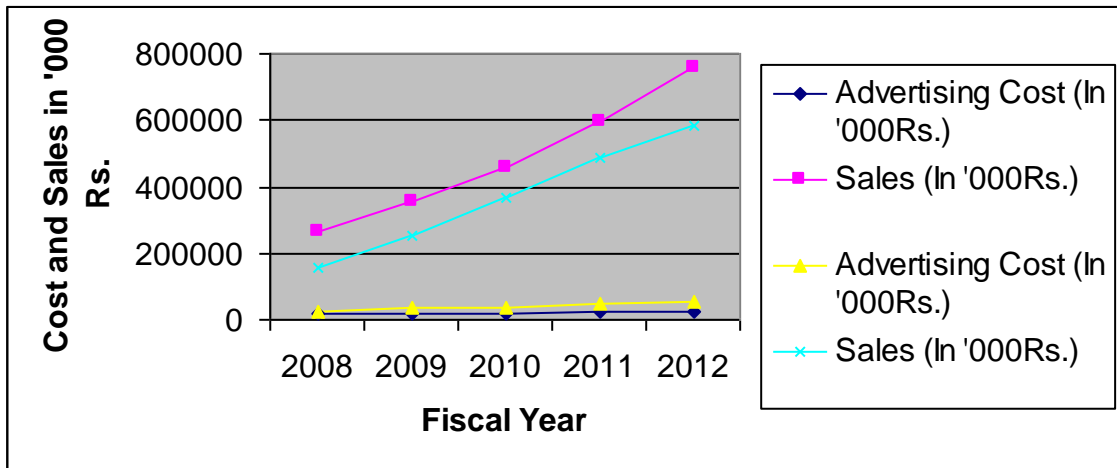
Table No. 4.1 shows the total advertising cost and sales amount of Mayos and Wai Wai respectively. The table clearly shows the advertising cost and sales both are increasing every year Wai Wai and Mayos Company. The sales amount of Wai Wai is greater than Mayos and it cross 75 thousand Lakhs. Both companies increase the advertising expenditure every year and Wai Wai and Mayos expenses amount of 22931 thousand lakhs and 52155 thousand lakhs respectively. On the other hand Mayos advertising expenditure is more than Wai Wai. The average cost of both companies is increasing and sales also increase. Wai Wai sales in 2008 was Rs 267313 thousand lakhs whereas Mayos sales was Rs 154251 which was slightly less sales than Wai Wai. The strategy of Wai Wai noodles are decrease the advertisement cost and it strategies opposite to Mayos.

As the advertising expenses soared up, similar movement was seen in the sales volume of these two instant noodles firms which is in close connection with the fact that most of the respondents watched and considered advertising is important. On the other hand majority of the respondents found a positive relation between advertising and sales. So that an increment in advertising expenses caused in more advertising exposure thus, resulting in change in the attitude and buying behavior of the respondents towards the products leading to an enhanced sales volume due to more purchases of these two different brands of instant noodles shown by above table 4.1

The same tabular information has been presented in Figure 4.1.

Figure 4.1 shows the total advertising cost and sales amount of Mayos and Wai Wai respectively. The line Figure clearly shows the advertising cost and sales both are increasing every year Wai Wai and Mayos Company. The sales amount of Wai Wai is greater than Mayos and it cross 75 thousand Lakhs. Both company increase the advertising expenditure every year and Wai Wai and Mayos expenses amount of 22931 thousand lakhs and 52155 thousand lakhs respectively.

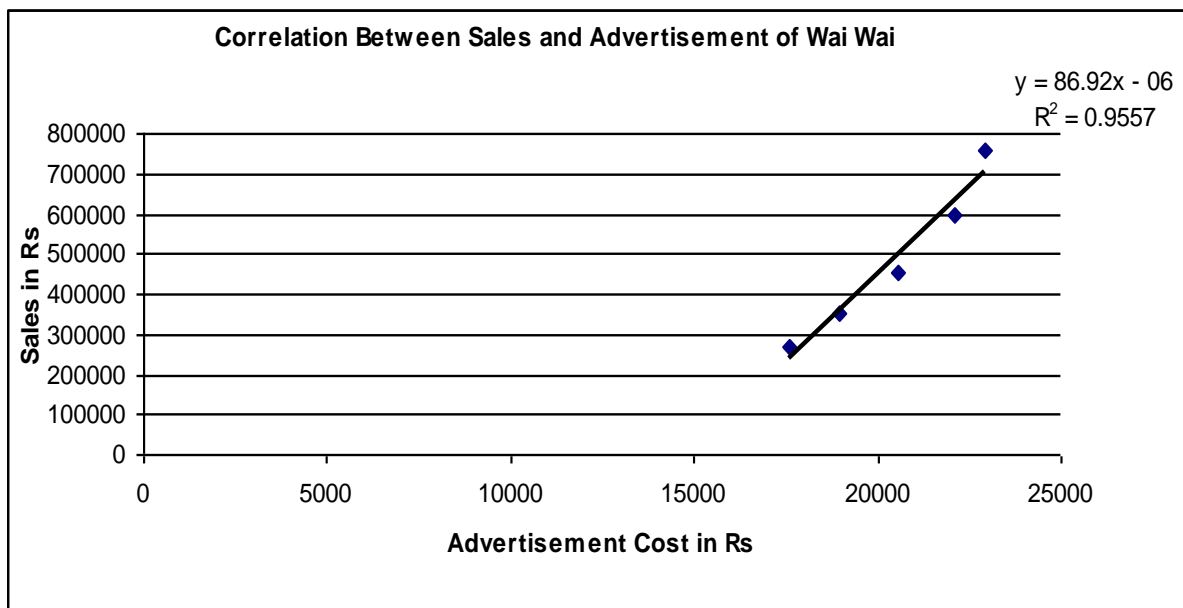
**Figure 4.1**  
**Average Advertising Expenses and Sales**



**4.1.2 Analysis of Effectiveness of Adverting in Terms of Return in Sales**

The focus of this section is to analyze the effectiveness of the advertising in terms of return in sales or the extent to which adverting affects in sales generation. The line Figure 4.2 below presents the values of correlation coefficient (r) and the coefficient of determination ( $r^2$ ) between the advertising expenses and sales of Wai-Wai and Mayos instant noodles.

**Figure 4.2**  
**Analysis of Effectiveness of Adverting in Terms of Return in Sales**



**Figure 4.3**  
**Analysis of Effectiveness of Advertising in Terms of Return in Sales**  
**Correlation Between Sales and Advertisement of Mayos**

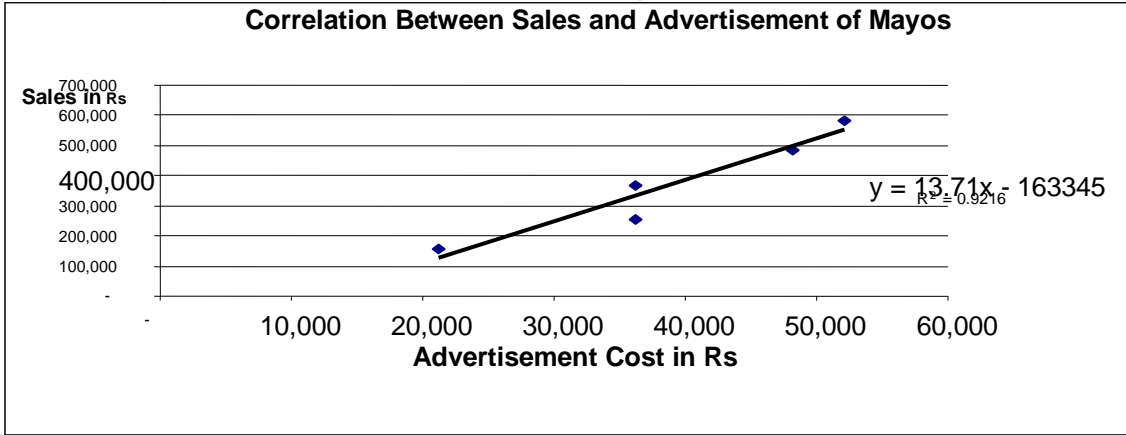


Figure 4.3 of Wai-Wai instant noodles show that the correlation coefficient (r) is 0.98 which shows that there is a strong positive correlation between the advertising and the sales of Wai-Wai instant noodles. This indicates that if there is more advertising then there will be more sales. At the same time the value of  $r^2$  is 0.9557, this indicates that the 95.57% change in sales is caused by the advertising.

Similarly, Figure 4.2 of Mayos instant noodles also shows that the correlation coefficient (r) and the value of  $r^2$  are 0.96 and 0.9216 respectively, which once again clearly shows that there is a strong positive correlation between the advertising and the sales of Mayos instant noodles and 92.16% of change in sales of Mayos instant noodles is caused by its advertising.

#### **4.1.3 Comparative Analysis of Advertising Expenses and Sales Generation of Mayos and Wai-Wai Instant Noodles**

This section deals with a comparative study in between the advertising expenses and the sales of these two brands in a percentile incremental basis of the advertising expenses and sales. The table 4.2 below presents a highlight of this

**Table 4.2**  
**Comparative Analysis of Advertising Expenses and Sales Generation of Mayos and Wai-Wai Instant Noodles**

<b>Fiscal Year (F/Y)</b>	<b>Increment in Adverting expenses of Mayos (in %)</b>	<b>Increment in sales volume of Mayos (in %)</b>	<b>Increment in Adverting expenses of Wai-Wai (in %)</b>	<b>Increment in sales volume of Wai-Wai (in %)</b>
2009	70.67	64.18	7.81	31.86
2010	0.03	44.31	8.47	29.22
2011	24.64	32.90	7.42	30.79
2012	7.73	20.35	3.82	27.17

*Source Annual report of Chaudhary Group and Himalayan Snacks and Instant Noodles*

Table 4.2 indicates that the adverting expenses of Himalayan Snacks and Noodles Pvt. Ltd. are increased largely (70.67%) which has generated an increment in the sales by 64.18%. The huge increment in the advertising expenses in first year had a good coverage for it for the next year which is shown by the figure about an increment in advertising expenses by 0.03% only but still resulting in a massive 44.31% in sales. But the sales volume was decreasing down to 20.35% in the fiscal year 2012. Whereas, the mode of increment in advertising expenses of Wai-Wai instant noodles did not show such a huge fluctuation ranging from the highest increment of 8.47% to the lowest 3.82%. At the same time it has been able to keep a steady level of increment in the sales ranging from the highest increment of 31.86% in the fiscal year 2009 to the lowest 27.17% in the fiscal year 2012.

#### **4.1.4 Analysis of S.D. and C.V. of Advertising Expenses and Sales of Wai-Wai and Mayos Instant Noodles**

Furthermore the table 4.3 and Figure 4.4 shows a comparative study of these two instant noodles by using the statistical tools S.D. and C.V. about advertising expenses and the sales of these two instant noodles companies

**Table 4.3**  
**Analysis of S.D. and C.V. of advertising expenses and sales**

	Advertising Expenses of		Sales	
	Wai-Wai	Mayos	Wai-Wai	Mayos
<b>S.D.</b>	0.196	1.1354	1.75	1.55
<b>C.V.</b>	9.6%	29.27%	35.94%	41.96%

The S.D and C.V of advertising expenses of Mayos instant noodles shows that there is a fluctuation in its expenses pattern compared to S.D. and C.V. of Wai-Wai instant noodles. Whereas the S.D. of sales of Wai-Wai instant noodles seems to be little more fluctuating in comparison to the S.D. of the sales of Mayos instant noodles but the sales of Wai-Wai instant noodles seems to be consistent over the sales of Mayos instant noodles which has been shown by the figures of C.V. for the sales of Wai-Wai (35.94%) compared to the C.V. for the sales of Mayos instant noodles (41.96%). Furthermore the same information is presented below in a Figure notation.

## 4.2 Sales of Mayos and Wai Wai

### 4.2.1 Sales Data of Wai Wai

**Table 4.4**  
**Sales Data of Wai Wai**

**(in Box or Cartoon 000)**

Years and Month	2008	2009	2010	2011	2012
January	26540	28540	27580	35890	35980
February	20450	27850	25460	37890	33560
March	18755	23560	25890	25680	36540
April	22560	24560	24890	29860	39870
May	21540	18470	26580	28970	39850
June	23890	19850	27890	31560	37950
July	20240	23540	25630	36980	41230
August	18780	25890	25460	38910	42650
September	26850	28950	23540	38740	43690
October	22120	27520	26589	28970	43560
November	19360	24510	26574	26580	43780
December	25040	26510	24556	23570	44870
<b>Total</b>					

*Source: Wai Wai Distributor of Kathmandu Valley*

One box or cartoon =30 Pkt

Figure: Analysis of Sales Data of Wai Wai

Sales of Wai Wai have gone same way on each year .Maximum sales month is May April and June. In this month company provides special promotional programmed package and increased sales by 20 percentages first and last two month sales are slightly decrease. According to sales manager of Wai Wai Company all month and year the sales and use of Wai Wai are increase each and every year. In the survey in Nepalese society the first selection of the public are Wai Wai Noodles. The consumption of Wai Wai is increasing day by day. In year 2011 company has not provide any new special promotional program. So sales have increased slowly. In year 2009 Wai Wai company provide special prize scheme, discount scheme, coupon scheme etc.

#### 4.2.2 Sales Data of Mayos

**Table 4.5**  
**Sales Data of Mayos**

Year/Month	2008	2009	2010	2011	2012
January	15840	18480	21120	21240	24240
February	23760	27720	31680	31860	36360
March	47520	55440	63360	63720	72720
April	110880	129360	147840	148680	169500
May	134640	157080	179520	180540	206040
June	142560	166320	190080	191160	218160
July	102960	120120	137280	138060	157560
August	63360	73920	84480	84960	96960
September	55440	64680	73920	74340	84840
October	40400	54000	60580	62430	74500
November	39600	46200	52800	53100	60600
December	15600	18000	21000	21240	24180
Total	792560	931320	1063660	1071330	1225660

*Sources- Mayos distributor, Kathmandu*

(1 cartoon – 30 packets)

Sales of Mayos have gone some way on each year. The company achieve maximum sales target on April, May, June and July. On this four month company sales above 50 percent out of total years sales. In this season company provide various consumers and dealer promotion program has clearly showed that sales are increased on April, May, and June.

In 2009 sales Mayos are only 931320 cartoons. In 2010 Its Sales gone 1063660 cartoons likewise in 2011 sales has reached 1071330 cartoons and in 2011, it achieve its target on 1225660 cartoons. Mayos is 2<sup>nd</sup> largest selling of Noodles Company in Nepal. Every year Mayos also provide any one special promotional program coupon contents, free extra

packets of Mayos, gift hamper and other various programs have done by the company. So Mayos has increased its sales every year.

### 4.3 Presentation of the Primary Data

This segment consists of the presentation of the primary data collected through the questionnaires. The segment of the study includes:

#### 4.3.1 Access of Consumers to Advertising

**Table 4.6**  
**Access of Consumer to Advertising**

Yes	151	80%
No	4	2%
Sometimes	40	18%
Total	225	100%

Source: Field, Survey, 2013

Table 4.6 indicates that the majority of the respondents (significantly up to 98% of the total) watch the advertisements and very negligible number of the respondents (2%) does not watch advertisements. So this clearly indicates that most of the respondents are exposed to advertisements. And there is greater influence of advertisement in Noodles business in Nepal .It might be because of comparing using various Medias and channels of advertisement.

**Figure 4.4**  
**Access of Consumers to Advertising**



### 4.3.2 Importance of Advertising

**Table 4.7**  
**Importance of Advertising**

Options	No of Respondents	Percentage
Yes	211	94%
No	7	3%
I don't Know	7	3%
Total	225	100%

Source: Field, Survey, 2013

It is apparent from table 4.7 that most of the respondents (i.e. 94%) of the research sample consider advertisements are really important and very few 6% consider advertisement is not important or they do not have any idea about it. So it is a clear indicator that advertisements have a significant impression over the respondents.

### 4.3.3 The Media Preference of Consumer

**Table 4.8**  
**The Media Preference of Consumer**

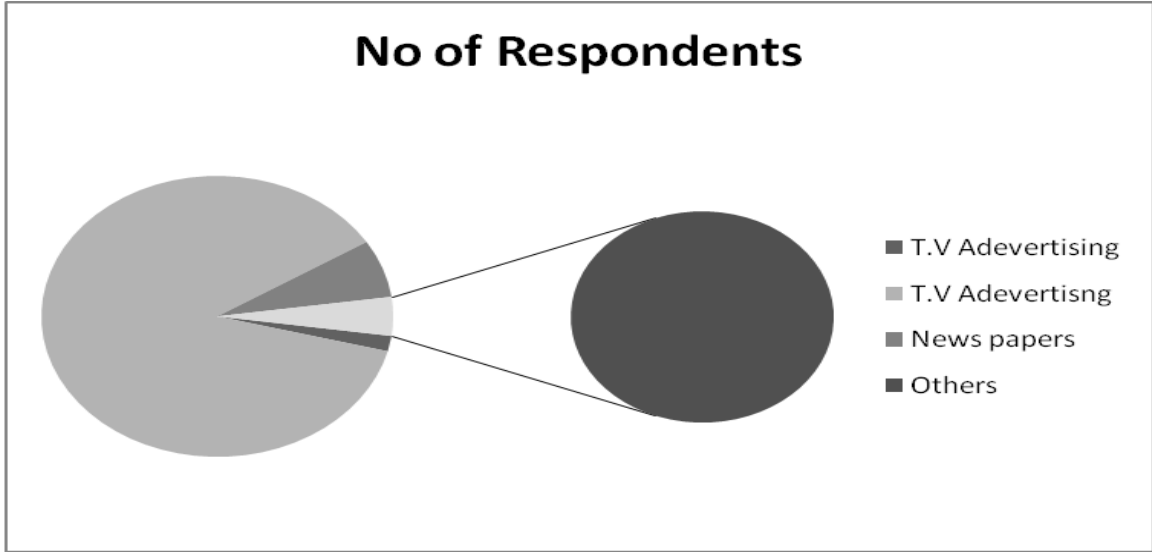
Options	No of Respondents	Percentage
T.V Advertising	4	2%
T.V Advertising	196	87%
News papers	15	7%
Others	10	4%
Total	225	100%

Source: Field, Survey, 2013

Table 4.8 shown that the advertising in the visual mode like T.V. advertising is most preferred by the respondents where as other media of advertising such as print media, audio media are least preferred by the respondents which are also supported by the figures in the table and the Figure 87% for T.V. advertising to 2% for audio advertising, 7% for print advertising and quite insignificantly 4% for other means of advertising.



**Figure 4.5**  
**The Media Preference of Consumer**



**4.3.4 Expectation of Consumer from Advertising**

**Table 4.9**  
**Expectation of Consumer from Advertising**

Options	No of Respondents	Percentage
Information about the goods	148	66%
Facilities offered by the goods	42	19%
Information about the consumption of goods	23	10%
Others	12	5%
Total	225	100%

Source: Field, Survey, 2013

Information about the goods has been the main quest for the respondents (66% of total sample) in an advertisement where as few of them, compared to above, prefer to know about the facilities offered by the goods and information about the way of consumption of that very goods in an advertisement viz.19 % and 10% respectively but very few of them i.e.5% of the respondents expect some other in an advertisement shown by the table. So this clearly depicts that the majority of the respondents are sensible and want to remain aware about the goods they purchase.

**Figure 4.6**  
**Expectation of Consumer from Advertising**



### 4.3.5 Preference of Advertising among Respondents

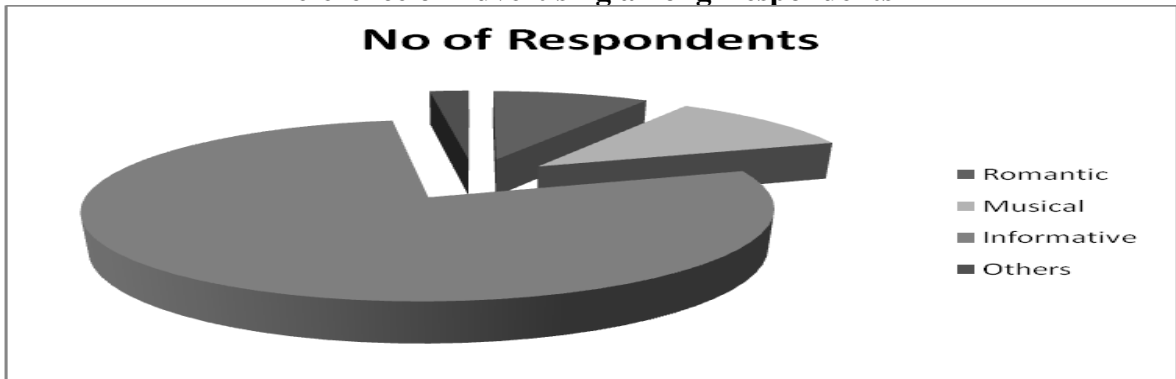
**Table 4.10**  
**Preference of Advertising among Respondents**

Options	No of Respondents	Percentage
Romantic	20	9%
Musical	25	11%
Informative	175	78%
Others	5	2%
Total	225	100%

Source: Field, Survey, 2013

Table 4.10 has shown that, once again, information is the main expectation from an advertisement to most of the respondents (78% of sample) where as there are scores of respondents who prefer the romantic advertisement (9% of sample) to musical advertisement (11% of sample) and quite insignificant percentage of respondents out of the total sample prefer some other (2%) kind of advertising.

**Figure 4.7**  
**Preference of Advertising among Respondents**



#### 4.3.6 Relationship between Advertising and Consumers Buying Behavior

**Table 4.11**  
**Relationship between Advertising and Consumers Buying Behavior**

Options	No. of respondents	Percentage
Yes	180	80
No	18	8
I Don't know	22	9.8
Others	5	2.2
Total	225	100

Source: Field, Survey, 2013

Most of the respondents of the total sample (80%), on the table and the Figure number 6, believed that advertisements drive them to change their buying behavior or to behave synchronizing with the advertisements and on the other hand 8% of the respondents show rigidity to change their buying behavior according to the advertisements but, on the contrary, quite significant total of the sample i.e.9.8%, do not have any idea about it. So this shows that most of the respondents find a positive relation between the advertising and the buying behavior of respondents.

#### 4.3.7 Factors Affecting Purchase Decision

**Table 4.12**  
**Factors Affecting Purchase Decision**

Options	No. of respondents	Percentage
Price	20	8.89
Quality	193	85.78
After sales service and credit facility	0	0
Manufacturer's image	12	5.33
Total	225	100

Source: Field, Survey, 2013

Quality has been the main concern for the respondents while purchasing a good which is signified by the 86% of the total respondents going for the quality rather than the price and the manufacturer's image of the goods which holds an insignificant count of 9% and 5% respectively in the sample surveyed. So this is a clear indication in the table that respondents prefer to the quality irrespective to the price and other factors of a good.

#### 4.3.8 Recall and Recognition of Brand

**Table 4.13**  
**Recall and Recognition of Brand**

Options	No. of respondents	Percentage
Wai-Wai	102	45.33
Mayos	80	35.56
Rum Pum	24	10.67
Others	19	8.44
Total	225	100

Source: Field, Survey, 2013

Table 4.13 shows that the Wai-Wai instant noodles has a comparatively better edge over the Mayos instant noodles in the mind of the respondents which is best supported by the figures like 45% and 36% respectively for these two brands where almost 11% of the respondents recall Rum Pum and the other brands of the instant noodles. This expresses that first two brands have almost identical number of the respondents in a recall test.

#### 4.3.9 Consumers' Preference Regarding Noodles

**Table 4.14**  
**Consumers' Preference Regarding Noodles**

Options	No. of respondents	Percentage
Wai-Wai	105	46.67
Mayos	88	39.11
Rum Pum	27	12.0
Others	5	2.22
Total	225	100

Source: Field, Survey, 2013

Table 4.14 shows, once again, Wai-Wai is edging over the Mayos by the figure 46.67% of Wai-Wai to the 39.11% of Mayos. On the other hand there is significant volume of the

respondents going for Rum Pum instant noodles (12%) as well which is insignificantly followed by the 2.22% of the respondents going for other brands. The data presented above shows that Wai-Wai instant noodles and the Mayos instant noodles are the market leaders and mostly preferred instant noodles.

#### 4.3.10 Preference of Product Attributes

**Table 4.15**  
**Preference of Product Attributes**

Options	No. of respondents	Percentage
Quality	191	84.89
Price	7	3.11
Brand	22	9.78
Others	5	2.22
Total	225	100

Source: Field, Survey, 2013

Most of the respondents (ranging up to 85% of the total sample) go for the quality while buying an instant noodle notwithstanding the price of those noodles because just 3% of the respondents are concerned about the price of the noodles but majority of them go for the quality. At the same time there are remarkable numbers of the respondents (10%) who seem to be the loyal to the brand. So this indicates that the respondents are much careful about the quality rather than other factors.

#### 4.3.11 Consumers' Brand Loyalty

**Table 4.16**  
**Consumers' Brand Loyalty**

Options	No. of respondents	Percentage
Quality	180	80
Price	14	6.22
Brand	26	11.56
Others	5	2.22
Total	225	100

Source: Field, Survey, 2013

The Table 4.16 clearly shows that scores of the respondents (80%) of the total sample buy the products because of the quality of that product and quite unremarkably just 6% of the respondents in the sample go for the price when they purchase the products and yet remarkably 12% of the respondents in the sample stick to be the brand loyal. Once again, the data presented above is a clear indicator that the majority of the respondents are quality seekers compared to other factors like price and the brand of the products.

#### 4.3.12 Effects of Advertising on Consumer's Attitude

**Table 4.17**  
**Effects of Advertising on Consumer's Attitude**

Options	No. of respondents	Percentage
Yes	182	80.89
No	36	16
I Don't know	2	0.89
Others	5	2.22
Total	225	100

Source: Field, Survey, 2013

Most of the respondents (81%) think that the advertising has a great impact over their attitude and buying behavior where as remarkably 16% of them show rigidity over the influence of advertising to their attitude and buying behavior .On the other hand very small fractions just about 3% of them have no idea about the topic. So advertising seems to play a great role over changing the attitude and the buying behavior of the respondents.

#### 4.3.13 Relationship between Advertising and Sales

**Table 4.18**  
**Access of Consumers to Different Brands through Advertising**

Options	No. of respondents	Percentage
Yes	197	87.56
No	24	10.67
I Don't know	1	0.44
Others	3	1.33
Total	225	100

Source: Field, Survey, 2013

To a large extent, 88% of the respondents find a positive relation between the advertising and the sales of any products where as 11% of them don't think so and, on the contrary, a small fragment just about 2% of the respondents don't have any idea about the topic. So it can be concluded that advertising has a prominent role over the sales of any products.

#### 4.3.14 Access of Consumers to Different Brands through Advertising

**Table 4.19**  
**Access of Consumers to Different Brands through Advertising**

Options	No. of respondents	Percentage
Wai-Wai	108	48
Mayos	93	41.33
Rum Pum	15	6.67
Others	9	4
Total	225	100

Source: Field, Survey, 2013

The table 4.19 depicts that Wai-Wai instant noodle has an advantageous edge over the Mayos instant noodle in terms of latest advertisements watched by the respondents recently which is best supported by the fact that 48% of the viewers for Wai-Wai instant noodle to the 41% for Mayos instant noodle. In addition to it, 7% of the respondents have watched an advertisement of Rum Pum instant noodle very recently and 4% of them have watched the advertisements of some other. And it, apparently, seems that the advertisements of Mayos stand better to the viewers than other, s do.

#### 4.3.15 Effective Media of Nepal

**Table 4.20**  
**Effective Media of Nepal**

Options	No. of respondents	Percentage
Radio and FM	6	2.67
T.V.	194	86.22
Newspapers	16	7.11
Signboards	9	4
Total	225	100

Source: Field, Survey, 2013

In the race of an advertisement, T.V. advertisements stand better than any other do. Visual effects seem to cast a long lasting effect in the mind of the respondents than the print media like News Papers and the Audio Advertisements which is clearly shown in the Table above with 86% for T.V. Advertisements compared to the 3%, 7% and 4% of Audio Advertisements (like radio and F.M.), News Papers and the Signboards advertisements.

#### **4.4 Analysis of Consumer Responsiveness**

This segment presents a thorough analytical display of the primary data presented above.

##### **4.4.1 Impacts of Advertising on Consumer's Attitude and Buying Behaviour**

In this section it has been tried to know the impacts of the advertising on consumer's attitude and buying behaviour. More over it has been tried to figure out if advertising makes the consumers (respondents) change their mind and purchase the products that one advertisement intends its prospective consumers (respondents) to do so.

The following table presents the general description of the items used in the design and the questionnaire related to this part is set in Annex-1

Majority of the respondents (98%) saw advertising and most of them (94%) thought that advertising is really important. Similarly the table (4.20) above depicts that most of the respondents (80%) found a strong relationship between advertising and their buying behaviour where as 81% of them thought that advertising has affected their attitude towards the products. The main purpose to watch an advertising to them is to find information about the products which is supported by the fact that 76% of them wanted the information about the products, on the contrary just 19% of them wanted to find the facilities offered by the goods. Again, most of them (78%) preferred informative advertising to musical advertising (11%) and informative advertising (9%).

##### **4.4.2 Analysis of the Consumer's (respondent's) Expectation from Advertising**

This section has tried to pull out a common view of the consumers about what makes them purchase one product and what do they expect from a product. The following table presents an overview of this segment.



**Table 4.21**  
**An Overview about the Expectation of Consumers**

S. No.	Statements	Options			
		Price	Quality	Firm's Image (brand)	Others
1	I purchase one product because of	9%	86%	5%	
2	Factors I prefer in an instant noodles are	3%	85%	10%	2%

Source: Field Survey, 2013

Table No. 4.21 clearly indicates that the main pursuit for the majority of the consumers, above than 85% of them, to buy an instant noodles is the quality those noodles offer regardless of price (up to 9% of them), just considered about the price. In addition to it up to 10% of them showed the brand loyalty compared to quite insignificant (2%) went for others.

#### **4.4.3 Analysis of the Effectiveness of Advertising**

The focus of the study in this segment is to analyze the effectiveness of advertising in terms of return in sales over its (advertising's) expenses. So it has been tried to find out the responses about the effectiveness of advertising in sales maximization. The table below presents a highlight about it.

**Table 4.22**  
**A Highlight of Effectiveness of Advertising**

S. No.	Statements	Options			
		Yes	No	I don't Know	Others
1	I find a relation between advertisement and sales	87.5%	10.6%	0.4%	1.5%

Source: Field Survey, 2013

From the previous analysis in 4.20, majority of the respondents 98% saw advertising and 94% of them considered that advertising is important which clearly indicates that advertising drove them to purchase the products which is once again supported by the above table (4.24) in which 87.5% of the respondents signified the relation of advertising and sales.

#### 4.4.4 A Comparative Analysis of Wai-Wai and Mayos Instant Noodles in between their Sales and Advertisement

In this section, the main focus of the study is to present a comparative view of the Wai-Wai and Mayos instant noodles in between their sales and advertisement. The table below presents an excerpt of this section.

**Table 4.23**  
**A Comparative Analysis of Wai-Wai and Mayos Instant Noodles**

S. No.	Statements	Options			
		Wai-Wai	Mayos	Rum Pum	Others
1	Recently I have watched the advertisement of	48%	41%	7%	4%
2	The brand name that comes immediately in my mind is	45.5%	35.5%	10.6%	8.4%
3	I prefer to buy	47%	39%	12%	2%

Source: Field Survey, 2013

Table No.4.23 shows that a slight majority of the respondents have watched the advertisements of Wai-Wai(48%) compared to the 41% of the respondents for Mayos instant noodles which has resulted the more purchase of Wai-Wai instant noodles (47%) compared to 39% for Mayos instant noodles. At the same time recognition of Wai-Wai instant noodles in the mind of respondents is above than the Mayos instant noodles which are explained by 45.5% of Wai-Wai to 35.5% of Mayos where other brand like Rum Pum was not quite significant in the race.

#### 4.4.5 Analysis of the Media Vehicles

The focus of this segment is to bring an insight about the effective form of an advertisement among the different ways of advertising like print media, audio media, visual media etc. which is presented in the table given below

**Table 4.24**  
**Analysis of the Media Vehicles**

S. No.	Statements	Advertising Options			
		Audio	Visual (TV)	News Paper	Others
1	The advertisement, I like the most is	2%	87%	7%	4%
2	To me, The most effective form of advertising in Nepal is	3%	86%	7%	4%

Source: Field Survey, 2013

Table 4.24 clearly explains that the visual way of advertising was liked the most by the respondents (87%) and 86% of them thought that the same way of advertising is the most effective form of advertising where as audio advertising was the least preferred (2% and 3%) in both category.

#### **4.5 Major Findings of the Study**

From the analysis of the data, advertising is the most important element of the promotional tools. As the advertising expenses soared up, similar movement was seen in the sales volume of these two instant noodles firms (Wai Wai and Mayos) which is in close connection with the fact that most of the respondents watched and considered advertising is important. Majority of respondents found a positive relation between advertising and sales. Because of comparison from various media and channels of advertisement, there is greater influence of advertising in Noodles business in Nepal.

Advertising also plays a great role over changing the attitude and the buying behavior of consumer. Advertising in the visual mode like T.V. advertising is most preferred by the respondents where as others media of advertising such as print media, outdoor media are least preferred by the respondents. Thus, advertising is vital components of Integrated Marketing Communication (IMC) to achieve organizational objectives. Major findings are:

- Most of the respondents (98%) watched advertisement and 94% of them thought that advertising is important
- To gain information about the goods (76%) was the main purpose for respondents to watch advertisement

- Quality was the main pursuit for the respondents (86%) to purchase these instant noodles after getting the information from advertising
- Most of the respondents (80%) thought that there is a relation between the advertising and their buying behavior
- Most of the respondents (81%) thought that advertising has affected their attitude towards the products and their buying behavior largely
- 48% of the respondents watched the advertisements of Wai-Wai where as 44% of them watched the advertisement of Mayos in the sample taken
- 47% of the respondents revealed that they purchase Wai-Wai and 39% of the respondents purchased Mayos because of the quality of these products serve
- Majority of the respondents (85%) purchased their favourite brands because of the quality where as quite negligible (13%) of them went for brand or firm's image
- Most of the respondents (up to 87%) found that T.V. advertising is the most effective form of advertising in Nepal.
- The average advertising expenses of Wai-Wai and Mayos were Rs.20425.8 and Rs.38804.8 respectively (in '000Rs.)
- The average sales of Wai-Wai and Mayos were Rs.485722.6 and Rs.368661.2 respectively (in'000Rs.)
- The S.D. and C.V. of advertising expenses of Wai-Wai and Mayos were 0.196, 9.59% and 1.135, 29.27% respectively.
- The S.D. and C.V. of sales of Wai-Wai and Mayos were 1.75, 35.94% and 1.55, 41.95% respectively
- The correlation coefficient between advertising and sales for Wai-Wai and Mayos were 0.977 and 0.96 respectively which indicates that there is a high degree of positive correlation between advertintg and sales of these two instant noodles
- The pattern in increment in advertising expenses of Wai-Wai was more even compare to the increment pattern of Mayos.
- The increment in sales of Wai-Wai shows a falling trend but not sharply which was 31.86% in the fiscal year 2005 to 27.17% in the fiscal year 2008.
- The increment in sales of Mayos shows a continuous fall from 64.18% in fiscal year 2005 to 20.35% in the fiscal year 2008.

## CHAPTER V

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

Marketing is indispensable in today's market. Only those firms which have a sound marketing strategy can exist in market. Marketing is about understanding needs and wants of consumer. To know their needs and wants, communication is very important promotion is about the companies' communication with customer. It has been a fact that products just can not be sold because of attractive prices alone, where to generate sales and profits, the benefits of the products have to be communicated to the customer.

Advertising is the best way to communicate and reach to mass; it directs a message at a large numbers of people with a single communication. Effective advertising should generate awareness of both company and the product; it should help to create an interest and desire for product and stimulate regular and potential customers to purchase the products. The main purpose of this study was to analyze impacts of advertising on the sales of two sample firms comparatively. For this purpose, the data of the advertising expenses and the sales have been used. So, the excerpts of this study has been summarize in a following way

Majority of the respondents watched advertisement and they valued an advertisement's important significantly in today's life. The main reason for them to watch advertisement was to gain information and the quality of the goods.

Most of the Respondents accepted that there is a positive relation between the advertising and the buying behavior which further indicates that the advertising is practiced properly in Nepal and people take advertising in a positive way. Wai-Wai instant noodles have a better margin over the Mayos instant noodles in terms of the sales and advertisement coverage.

On the other hand, visual means of advertising like T.V. advertising stood the most effective media of advertising compared to the other forms of advertising like audio, print

media. Again, the average advertising expenses of Wai-Wai instant noodles seems to be less than the advertising expenses of Mayos instant noodles remarkably but the sales volume of the Wai-Wai instant noodles were higher than that of Mayos instant noodles yet.

The beginning year of this study showed that there was a significant increment in the volume of advertising expenses of Mayos instant noodles compared to the Wai-Wai instant noodles. But in the subsequent years both of the firms have been reducing the advertising expenses gradually. The incremental part of the advertising expenses is, however, more uniform and even in case of Wai-Wai instant noodles than the wobbling trend of Mayos instant noodles. On the contrary, the increment in sales volume has been showing a declining trend but this trend is much sharper in case of Mayos instant noodles than Wai-Wai instant noodles.

## **5.2 Conclusion**

This study is conducted to find out certain objectives and that is totally up to the intension of the researcher about what does s/he want to find out and to present those findings in a generalized way. So a research is done in an area where the things which are not covered before by any other studies or the areas may be a new one completely.

Diminishing profit brackets and increasing competition has resulted the management to take a sincere care and planning about its expenditure including advertising expenses to secure at least a minimum acceptable level of return to operate the business, where the effects and the effectiveness of advertising on sales is an important issue. This study will be significant in finding the effects of the advertising in the communication part and in the sales part primarily through the structured questionnaire and from the responses of the different kinds of respondents.

At the same time, it helps to find out a measurement of advertising against the return generated from the sales due to that particular advertising campaign and to find suggestive ideas for these business houses regarding the impact of their advertisements on sales.

Similarly to carry out this study has been also guided by a distinct objectives and it has some distinct features that has been the sole reason for this study to be undertaken. The basic features of this study are to:

1. Present the impacts of advertising on consumer's attitude and behavior.
2. Analyze the effectiveness of these advertisements over the expenses for these ads in terms of sales return generated by these ads,

Assess a comparative analysis of ads of these two business firms in terms of their performances in the market.

Advertising is the best way to communicate and reach to mass; it directs a message at a large numbers of people with a single communication. Effective advertising should generate awareness of both company and the product; it should help to create an interest and desire for product and stimulate regular and potential customers to purchase the products. The main purpose of this study was to analyze impacts of advertising on the sales of two sample firms comparatively. For this purpose, the data of the advertising expenses and the sales have been used. So, the excerpts of this study has been summarize in a following way.

Majority of the respondents watched advertisement and they valued an advertisement's important significantly in today's life. The main reason for them to watch advertisement was to gain information and the quality of the goods.

Most of the Respondents accepted that there is a positive relation between the advertising and the buying behavior which further indicates that the advertising is practiced properly in Nepal and people take advertising in a positive way. Wai-Wai instant noodles have a better margin over the Mayos instant noodles in terms of the sales and advertisement coverage.

The conclusions of the story can be summarized as follows:

- Advertisement was the most effective media of promotion for these sample firms
- Most of the respondents get information from an advertisement

- Consumers pay more attention to quality while buying noodles
- Consumers strongly agreed that there is a positive relation between the advertisement and their buying behavior and attitude which, in turn, justified that people take advertisement positively and the properness of the advertisement practices in Nepal
- T.V. advertising stands as the most effective form of advertising in Nepal
- More people watched the advertisement of Wai-Wai instant noodles than Mayos instant noodles
- The advertising expenses of Mayos instant noodles was more than the advertising expenses of Wai-Wai instant noodles
- Average sales of Wai-Wai instant noodles was significantly higher than the average sales of Mayos instant noodles
- S.D. and C.V. of the advertising expenses of Wai-Wai instant noodles showed less fluctuation than Mayos instant noodles which means Wai-Wai instant noodles maintained more uniformity in its advertising expenses than Mayos instant noodles
- The sales of Wai-Wai instant noodles had higher S.D. and C.V. compared to the Mayos which justifies the higher volume of the sales of Wai-Wai instant noodles in a positively fluctuating trend
- There is a strong positive correlation between the advertising and sales of these two firms which justified the strong impact of advertising on sales and on the other hand it clarified that advertising helped to increase the sales
- The incremental pattern of advertising expenses of Wai-Wai instant noodles showed uniformity compared to the highly increasing trend of Mayos instant noodles



- The incremental trends in sales of both firms seemed to be in a declining trend but this was, once again, quick and sharper in case of Mayos instant noodles than Wai-Wai instant noodles.

### **5.3 Recommendations**

- Both of these firms should continue their advertising campaign to reach more and more possible number of consumers
- These firms should provide with more informative advertisement about their noodles
- These firms should maintain the quality of their respective instant noodles that should not be deteriorated
- Advertising should be focused in fulfilling the need of the consumers in a proper way to make them purchase their noodles by changing their attitude and buying behavior
- Both of these firms should focus more on T.V. advertising than other media of advertising
- Mayos instant noodles needs to upgrade the quality of advertising which Wai-Wai instant noodles advertisement seems to be better appreciated
- The Mayos instant noodles should contemplate about the volume of the advertising expenses due to the fact that still it doesn't have a wide coverage
- Wai-Wai instant noodles should go on with their current advertising campaign but with a constant scrutiny to the volume of the sales generated where as Mayos instant noodles should take an immediate action to control a rapid falling trend in incremental sales volume

- Mayos instant noodles should assess the effectiveness of the advertising expenses over its return in terms sales where as it seems better in case of Wai-Wai instant noodles
- Mayos instant noodles should assess the volume of the sales generated immediately
- Both of these firms should muster up the a quality of the advertising to reinforce more sales volume
- Both of these firms should evaluate the performance of the advertisement in terms of the incremental trend of sales volume

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