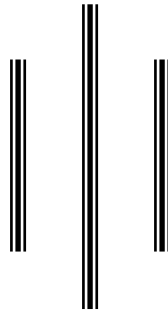


# **"EFFECTS OF ADVERTISING ON BUYERS BEHAVIOR"**

**(With Reference To RumPum Noodles)**



**By**

**Kanchan Dahal**  
Post Graduate Campus  
Tribhuvan University  
Biratnagar, Nepal  
TU Regd. No. 7-2-387-66-2002

**A Thesis  
Submitted to:**

**Office of the Dean  
Faculty of Management  
Tribhuvan University  
Kathmandu, Nepal**

*In the partial fulfillment of the requirement for the Degree of*

**Masters in Business Studies (MBS)**

**Biratnagar**

**June, 2008.**



**TRIBHUVAN UNIVERSITY  
POST GRADUATE CAMPUS  
BIRATNAGAR  
NEPAL**

Tel No: 021-522204  
021-526327

Ref No: .....

***RECOMMENDATION***

**This is to certify that the thesis:**

*Submitted by*  
***Kanchan Dahal***  
*Entitled*

**"EFFECTS OF ADVERTISING ON BUYERS  
BEHAVIOR"**

*has been prepared as approved by this Department in the prescribed  
format of Faculty of Management. This thesis is forwarded for  
examination.*

**Supervisor**

.....  
**(Mr. Devraj Shrestha)**

**Head of Department**

.....  
**(Dr. Madhav Bdr Shrestha)**

.....  
**(Mr. Harihar Bhandari)**  
**Campus Chief**

**Date:** .....



**TRIBHUVAN UNIVERSITY  
POST GRADUATE CAMPUS  
BIRATNAGAR  
NEPAL**

Tel No: 021-522204  
021-526327

Ref No: .....

**VIVA -VOCE SHEET**

We have conducted the viva-voce examination of the thesis presented by

**Kanchan Dahal**

*entitled*

**"EFFECTS OF ADVERTISING ON BUYERS BEHAVIOR"**

*and found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for*

***Master's Degree in Business Studies (M.B.S.)***

**Viva-voce Committee**

Chairperson, Research Committee

Member (Thesis Supervisor)  
(Mr. Devraj Shrestha )

Member (External Expert)

Date: .....

.....

.....

.....

# DECLARATION

I hereby Declare that the thesis entitled "EFFECTS OF ADVERTISING ON BUYERS BEHAVIOR" Submitted to post-Graduate campus, Faculty of management, Tribhuvan University is my work which is prepared as the partial fulfillment of requirement of the Master Degree of Business Studies (MBS) under the supervision of Mr. Devraj Shreshta of Post Graduate Campus, Tribhuvan University.

Kanchan Dahal  
PG Campus.

Date: .....

## ACKNOWLEDGEMENT

The study entitled “EFFECTS OF ADVERTISING ON BUYERS BEHAVIOR” has been carried out for partial fulfillment of the requirement for the Masters in Business Studies.

I would like to thank my thesis supervisor Mr. Devraj Shrestha for his continuous support to give proper direction to the research. I would also like to extend my special thanks to Dr. Madhab Bahadur Shrestha (Chairperson of Research Committee) Dr. Sambhu Koirala (Ex-Campus Chief) for their kind cooperation and guidance.

I would like to thank all the respondents during the course of filling research questionnaire I would also like to thank my all friends who helped me during my study and dissertation works.

Last but not the least; I would like to thank my parents, brothers for their financial support. I would also like to thank my friend Daman and Rashmi for their kind co-operation in completion of this report despite their busy schedule.

---

Kanchan Dahal

PG Campus

Date: .....

## **LIST OF TABLES**

<b>LIST OF TABLE</b>	<b>PAGE NO.</b>
3.5.1 Gender-wise sample collection	41
3.5.2 Education-wise sample collection	41
3.5.3 Age-wise sample collection	42
4.1.1 Age-wise consumer's preference on Advertisement	44
4.1.2 Literacy-wise consumer's preference on Advertising	46
4.1.3 Preference of Advertisement according to Gender (Sex)	47
4.1.4 Consumer's habit of watching/hearing Advertisement	49
4.1.5 Age-wise consumer's reaction on Advertisement	51
4.1.6 Education-wise consumer's reaction on Advertisement	53
4.1.7 Gender-wise consumer's reaction on Advertisement	54
4.1.8 Effect of Advertisement on consumer purchasing decision	55
4.1.9 Consumer's preference to the product	57
4.1.10 Consumer's preference to the means of Advertisement	58
4.1.11 Impact of repeated Advertisement to attract the Consumer's attention	60
4.1.12 Consumer's response to the adequacy of Advertisement	61
4.1.13 Consumer's preference to the product having same Price and Quality	62
4.1.14 Impact of Advertising on Customer	62
4.1.15 Effectiveness of the Advertisement of Rum Pum Noodles	63



## **LIST OF DIAGRAMS**

<b>DIAGRAMS</b>	<b>PAGE NO.</b>
Diagram 1: Age-wise consumer's preference on Advertisement	45
Diagram 2: Literacy-wise consumer's preference on Advertising	47
Diagram 3: Preference of Advertisement according to Gender (Male)	48
Diagram 4: Preference of Advertisement according to Gender (Female)	49
Diagram 5: Consumer's habit of watching/hearing Advertisement	50
Diagram 6: Age-wise consumer's reaction on Advertisement	52
Diagram 7: Education-wise consumer's reaction on Advertisement	54
Diagram 8: Gender-wise consumer's reaction on Advertisement	55
Diagram 9: Effect of Advertisement on consumer purchasing decision	56
Diagram 10: Consumer's preference to the product	58
Diagram 11: Consumer's preference to the means of Advertisement	59



# TABLE OF CONTENT

<b>CONTENTS</b>	<b>PAGE NO.</b>
<b>RECOMMENDATIONS</b>	
<b>VIVA-VOCE SHEET</b>	
<b>DECLARATION</b>	
<b>ACKNOWLEDGMENT</b>	
<b>LIST OF DIAGRAMS</b>	
<b>LIST OF TABLES</b>	
<b>ABBREVIATIONS</b>	
<b>CHAPTER I</b>	
<b>1. INTRODUCTION</b>	<b>1-14</b>
1.1. Background of Study	1
1.2. Focus of Study	6
1.3. Statement of Problem	7
1.4. Objectives of the Study	11
1.5. Limitations of the Study	11
1.6. Relevance of the Study	12
1.7. Organization of the Study	13
<b>CHAPTER II</b>	
<b>2. REVIEW OF LITERATURE</b>	<b>15-36</b>
2.1 Definition of Terminology	16
2.1.1. Advertising	16
2.1.2. Consumer Psychology	17

2.1.3. Consumer Buying Behavior of Decision	18
2.2 Conceptual Reviews	19
2.2.1 Advertising Theory	19
2.2.2 States of the consumer buying process	23
2.2.3 Types of Consumer	24
2.2.4 Factors that affect consumer buying decision process	25
2.3 Review of previous studies	32
<b>CHAPTER III</b>	
<b>3. RESEARCH METHODOLOGY</b>	<b>37-42</b>
3.1. Research design	37
3.2. Population and Sample	38
3.3. Data collection source	38
3.4. Analysis techniques	39
3.5 Variables and measurement	39
3.6. Data Presentation and Analysis Tools	40
3.7. Pre Testing	42
<b>CHAPTER IV</b>	
<b>4. PRESENTATION AND ANALYSIS OF DATA</b>	<b>43-64</b>
4.1. Presentation of data in graph	43
4.1.1. Age-wise consumer's preference on Advertisement	44
4.1.2. Literacy-wise consumer's preference on Advertising	45

4.1.3 Preference of Advertisement according to Gender (Sex)	47
4.1.4 Consumer's habit of watching/hearing Advertisement	49
4.1.5 Age-wise consumer's reaction on Advertisement	50
4.1.6 Education-wise consumer's reaction on Advertisement	52
4.1.7 Gender-wise consumer's reaction on Advertisement	54
4.1.8 Effect of Advertisement on consumer purchasing decision	55
4.1.9 Consumer's preference to the product	57
4.1.10 Consumer's preference to the means of Advertisement	58
4.1.11 Impact of repeated Advertisement to attract the Consumer's attention	59
4.1.12 Consumer's response to the adequacy of Advertisement	60
4.1.13 Consumer's preference to the product having same Price and Quality	61
4.1.14 Impact of Advertising on Customer	62
4.1.15 Effectiveness of the Advertisement of Rum Pum Noodles	63
4.1.16 Factors influence consumer to buy the product	63
4.1.17 Major findings of the study	64

## **CHAPTER V**

<b>5. SUMMARY CONCLUSION AND RECOMMENDATION</b>	<b>69-72</b>
5.1. Summary	69
5.2. Conclusion	70
5.3. Recommendation	

**BIBLIOGRAPHY****APPENDICES****i-viii****ABBREVIATIONS**

<b>Abt-</b>	<b>About</b>
<b>B.S-</b>	<b>Bikram Sambat</b>
<b>Hr-</b>	<b>Hour</b>
<b>Rs-</b>	<b>Rupees</b>
<b>T.V-</b>	<b>Television</b>
<b>Ed-</b>	<b>Edition</b>
<b>Corr-</b>	<b>Correlation</b>
<b>Pp-</b>	<b>Page No.</b>

# CHAPTER- I

## INTRODUCTION

### 1.1. Background of the study

The word Advertising is derived from a Latin word "advertere" which is to turn attention towards a specific things. The dictionary meaning of the word Advertising is to announce publicly or to give public notice. In earlier time advertising meant merely to inform. But today advertising is a communication intended to promote the product or service or to influence the public.

Advertising is one of the most widely used promotion tools. It is used by business, non government organizations, charities and service institutions. It is one of the major tools that companies use to persuade target buyers and publics to buy their products or services. The main purpose of advertising is to inform the people about the product features uses etc and to persuade the people to purchase the particular product. "Many people use advertising at some time in their life. Some may use it privately while other may use in business. And many people respond to advertisements, they enjoy the choices available to them in every sphere of life"(Kotler; 1994:35)

"Advertising is any paid form of non personal presentation and promotion of ideas, goods or services by an identified sponsor". (Kotler; 2000:42)

Different other people have defined advertising in different ways. Some of the popular definitions are as follows:

"Advertising is the means by which we make known what we have to sell or what e want to buy"(Jetkins; 1985:65).

According to American Marketing Association;

"Advertising is any paid form of non personal presentation of goods, services or ideas for action, openly paid for by an identified sponsor".

The term advertising is very popular in this today's modern world. Advertising is used for several reasons, e.g., for promotion of product and institution itself, to win competition, to create demand for the product, to introduce a new product in the market etc. Therefore, there are many forms of advertisements such as product advertising, institutional advertising, competitive advertising, demand (or trade) advertising, pioneer advertising etc. Since, the effectiveness of advertising is measured in terms of money spent on it, advertising can be considered as a percentage of sales too.

Advertising has a direct effect on buyer's behavior. A buyer may be either an individual person or an organization that have an interest in the product and the means to acquire it. Therefore, a buyer is someone who is potentially willing and able to buy product offered by the marketer. Buyer behavior is defined as the acts of individuals directly involved in obtaining and using economic goods and services including the decision process that proceeds and determine these acts. The advertiser's effort must be focused on the consumers. A goods or services that does not provide an answer to a buyer's problem, no matter how important that problem may seem to others, will not be accepted by the customer. This is true only when advertising are perfectly designed and executed. It is simply smarter, easier and more productive to find out what customer want in a product and then to offer them in such a way that it convince them to buy the product.

"Buying behavior is the decision processes and acts of customers involved in buying and using product". (Kotler)

Advertising seeps into everyday life. Advertising is very widespread. It splashes across newspaper and magazine pages, blurts out from radio broadcasts, comes with the daily meal, interrupts television programming and invades the landscape on signs and billboards. Advertisers utilize different codes and strategies to appeal to different audiences and genders. For example, "beauty", "family relations", and "romance" are codes used to address female audiences while "ruggedness" and "fraternity" is primarily male advertising codes. The only method of advertising known to the ancients was the word of mouth. The merchant who had wares to offer brought them to the gate of a city and there cried aloud, making the worth of his goods known to those who were entering the city, and who might be induced to turn aside and purchase them. We are not more amused by the simplicity of the ancients than we are amazed at the magnitude of the modern systems of advertising. As soon as printed symbols were invented, man-made use of them to give publicity to his merchandise. We find advertisements engraved on walls and tombs, written on parchment and papyrus, and printed by the first printing presses. Although these various forms of advertising were employed, but little thought and care seem to have been expended upon them. Posters painted signs, newspaper advertising have now become forms of advertising so well established that we look upon them as a necessity, and are surprised to learn that most of them are modern innovations. The first advertisement printed in English appeared in the Imperial Intelligencer in March 1648. Advertising in magazines was not begun until comparatively recent times. For instance, the first advertisement appeared in Harper's Magazine in 1864. In this magazine more space has been devoted to advertising during the past year than the sum total of space for the twenty-four years from 1864 to 1887, inclusive. Indeed, advertising may be said to have been in its swaddling clothes until about the year 1887. The most rapid development has taken place during the last forty years. The change has been so great that the leading advertisers say that in comparison with today there was in existence forty years ago no advertising worthy of the name. The gain in the quantity of

advertising can be seen by observing the increase in the number of pages devoted to advertisements in any of our publications. There has not only been an increase in the number of advertising pages in the individual publications, but the number of publications has increased enormously of recent years. The expense connected with these various forms of advertising reaches far into the billions. The advertising rate has been advanced repeatedly in many magazines, Newspapers and Television during the last few years.

There are too many research work had been done to find out what factors made an advertisement effective to sell their objectives, how the advertisements pay back. But there is little effort to be made to find out the relationship between effectiveness of advertising and their consequent influence on buying behavior (Buying decisions). Though there are some differences in the two terminology- buying behavior and decisions- through out this paper the researcher uses these two words interchangeably. Though there are several factors to influence the consumer buying decisions, here other factor will be kept aside and only try to find out relationship between consumer attitude, and credibility towards advertising and its consequent influence on buying decisions.

Compared to other forms of promotion and persuasion advertising has dominant role in any business organization. Advertising can touch and influence a large number of consumer at given period of time. Beside it can be used in many forms, used for variety and occurred in several media. Advertising fulfills all objective undertaken by promotion. It can substitute for personal selling and it can be a compliment personal selling also Without advertising 'promotional strategy of any business organization becomes less effective and most often ineffective Thus the role of advertising can not be ignored in the business world.



Human behavior is very complex process. Behavior is the sum total of observable human activities. No two people always behave in the same way. Advertisers must understand the customer's behavior and must present the advertisement in such the way that persuades the people to buy the particular product. Advertisers must understand how customer select, buy, use and dispose products. They must know customer motivation.

The advertisers include not only business firms but also museums, professionals and social organizations that advertise their product or services. Advertising is used by all the countries in fact it is seen every where like on television, films, videotapes, in the news papers, magazines, books, directory, brochure, internet, on the vehicles even in the sky these days. We can also hear it on the radio, telephone, audiotapes etc. These are different media to advertise the products and business. The medium to inform, persuade and remind the people about product.

Among the different types of media, television, radio and newspapers play the vital role in advertising the product. The television due to satellite facility is viewed internationally and in the place where television is not reachable radios and news papers play important role. People can know every thing by reading, listening and watching things in media. It is said hat people believe in the thing they read, hear and see which is possible through advertising through radio, television and newspapers or magazine.

In context of Nepal the first newspaper "Sudha Sagar" was established in the year 1956 B.S which was the first step towards providing knowledge and information to the general people. Similarly, television first came into prominence in 1950s in America. At first the popularity of television was hindered by the expensive cost of TV sets and lack of programmers. But within a decade it was spread over the world. In Nepal Television was first commissioned in 2041B.S in the name of

Nepal Television and it started to telecast the program in 2042 B.S but commercial telecasting started only in 2044 B.S. Similarly, Radio broadcasting first started in United Kingdom and then gradually spread to other countries of the world. In Nepal, Radio Nepal was established on 20th Chaitra. 2007 B.S.

Advertising has lots of benefits. It combines sight, sound and motion which arouses high attention and has a high reach. There is school of thought that advocate that advertising is wasteful and create high cost, high clutter, fleeting exposure and select less audience but its advantages are enough to dominate the disadvantages which can clearly be seen in today's world. Hence, we cannot deny the fact that advertising plays a dominant role to commercialize a product or organization itself.

## **1.2 Focus of Study**

The main focus of this study is to find out how advertising affects the behavior of the people in buying different types of commodities. Many important decisions have to be made before under taking the advertising program. It is certainly one of the most important and complex decision facing business executives. Major decision areas in developing advertising program include setting the advertising objectives, deciding on the advertising message, deciding on the media and evaluating advertising effectiveness. Human behavior is very complex process. Behavior is the sum total of observable human activities. No two people always behave in the same way. Advertisers must understand the customer's behavior and must present the advertisement in such the way that persuades the people to buy the particular product. Advertisers must understand how customer select, buy, use and dispose products. They must know customer motivation

In this paper the researcher prime aim is to study the relationship on consumers' attitudes, credibility towards advertising and its subsequent effect on consumers buying behaviors. There are many studies had been conducted on how advertising

works, advertising effectiveness, about advertising. But little effort has been made to find the consumer perspective towards advertising and its consequent effect on consumers buying decisions. Before state the research questions let to discuss little about how advertising works and advertising influences on consumer's attitude.

Advertising works by influencing consumers' attitudes towards a product, service, or idea, as to increase their likelihood of adopting a particular purchase behavior. Given advertising's attitude-modifying nature, its objectives should be structured around attitudes. This facilitates the formulation of a strategy of consumer attitudinal change.

### **1.3 Statement of the problem**

Advertising is any paid form of non personal communication by an identified sponsor to promote product. It is an efficient tool to reach numerous buyers at low cost and is use to persuade target buyer to buy their product or services. There may nr numbers of reasons for advertising like to announce a new product or service or an idea to expand the market to new buyers, to announce a modification, to announce a price change, to announce a new pack or to make a special offer. These days due to the effectiveness of advertising all most every company are using advertising as their integral part. Advertisers need to decide media properly in order to achieve success. There are different types of media like Print media; newspaper, journals, booklets, pamphlets etc Visual media; hoarding, display, signs, point of purchase display etc Audio media; radio and other broadcasting tools Audio visual media; television, videotapes, cinema etc. Advertising can reach to different corner of the world through these various Medias.

The role of Advertising is to shift the product demand curve upward. Hence, its popularity is increasing day by day. Advertisers must clearly know the popularity of Radio, Television and Newspapers and Magazines among people. Effective analysis should be done in order to make any advertising campaign successful. But

in Nepal very few research and analysis are done about Advertising. This is why Nepal is behind other countries of the world. The main purpose of this proposal is to provide perfect information to the people about the effectiveness of advertising. We can hear and see many types of advertisement which may represent our lifestyle, mood, image, fantasy, personality expertise etc. Different advertisement may be popular in different age groups. Youngsters like something where as middle aged and old people prefer something else. Different people show different attitudes towards the same message aired, telecast and published. Advertisers must clearly understand it and must present the product considering these age groups. In Nepal the advertisers generally fail to give importance to this regard which leads to fail the advertising campaign. For every business man this types of survey acts like a back bone in achieving success in the field of advertising.

For advertising to work, it required the specification of sound and measurable objectives. Thus, selecting objectives that can be affected by advertising and that allow for efficient and continuous testing is crucial. A number of theoretical models have been proposed in the past in order to analyze the impact of advertising on consumers. One of the most popular is the "Hierarchy of Effects". According to this model, the purpose of advertising is to affect some level of the hierarchy (i.e. awareness, comprehension, or conviction). This theory also claims that this effect, combined with those of other marketing variables, leads to sales.

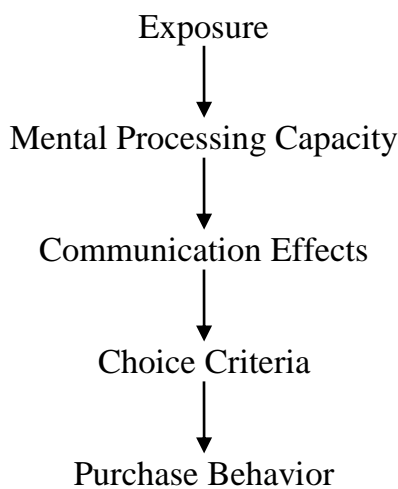
The "Hierarchy of Effects" has been criticized because, although it indicates that advertising's final outcome is sales, it does not enable their quantification. It has also been contended that the evidence supporting the hierarchy of effects itself is insufficient and, consequently, the advertising objectives structured on the basis of changes in intermediate variables such as recall or comprehension may be of questionable value. This whole argument has, fortunately, left a positive balance since it encouraged the development of techniques for measuring attitude as a pre-dispositional response - a predictor of future behavior. Scientific evidence

supporting the existence of a significant relationship between attitude towards a product and the probability of purchasing it makes such finding particularly useful. The idea of defining advertising goals within an attitudinal framework is, hence, appealing.

According to psychologists, attitudes are constituted by perceptual and preferential components. This means that people past experiences predispose them to respond in predictable ways, on the basis of certain perceptions. Attitude, therefore, can be seen as the link between psychological and behavioral components. Since attitudes reflect perceptions and, hence, indicate predispositions, advertisers can take advantage of their knowledge about an audience's attitudes to design inputs aimed at influencing their perceptions and, thereby, modifying their predispositions to behave. This is the underlying rationale behind the workings of advertising, in terms of this model.

Several attitude-based advertising theories have been developed in the past. The present model belongs in the same theory group. This model poses that a consumer moves through a sequence of five stages when he/she buys a product as a result of advertising.

This process is illustrated below:



### **Fig. 1.1 Consumer Decision Process**

Advertisers select communication media that effectively and efficiently reach their intended audiences where they are, exposing them to their ads (exposure). Upon this exposure, the ad captures and maintains the audience's attention (mental processing capacity) through its originality and relevance with respect to people's needs and motivations. As consumers process the ad message, they gradually gain understanding about the characteristics and benefits of the product and, simultaneously, develop an opinion about it. As a consequence of this, consumers experience changes in their attitudinal structure (communication effects). This structure consists of a group of salient product characteristics (choice criteria that reflect consumers' needs, values, etc.) and a set of perceptions regarding each of the indicated criteria. Consumers also have a perception regarding each of these salient characteristics in the "ideal" product. In the case of mature products these criteria are well defined; however, in new products that is not true.

Using these criteria, a consumer then chooses a particular brand by comparing his/her ratings of each brand with his/her ratings of the ideal brand. The brand that compares most favorably with the "ideal" has the highest probability of being selected for purchase. This constitutes the link between perception and preference above mentioned.

Thus, from what has been indicated here, advertising works by maintaining or shifting attitudes regarding the salient characteristics of a product and their ratings, rather than affecting directly sales or a level of the hierarchy. If advertising's attitude-modifying objective can be attained, it will lead to purchase intention, which has an impact on sales (purchase behavior). Above we discussed how advertising influence consumer attitude and its impact on sales. The researcher will attempt to get insight on consumer attitude, perception, credibility towards

advertising and its subsequent effect on buying decisions and also try to find out the answers of following research questions.

□ **Is there any relationship between consumers' attitude towards advertising and buying decision?**

□ **What factors affect consumer buying decisions process?**

## **1.4 Objectives of the study**

The main objective of this research work is to find out how advertising affect the behavior of the buyers. Buyer behavior is concerned with the activities and actions of people (and organizations) that purchase and use economic goods and services including the influence on these activities and action. This study clearly points that advertising has direct effect on the behavior of the people However; some objectives of the study can be outlined as follows:

1. To examine popularity of advertising.
2. To analyze the effectiveness of advertising.
3. To examine the people's preference on advertisement.
4. To identify people's reactions to the advertisement.
5. To examine the factors that influence people to buy the particular product.
6. To examine how advertising enhance the sale of a product.
7. To find out the relationship between consumers' attitude towards advertising and buying decision.
8. To understand the consumers' credibility towards advertising and its effect on buying decision.
- 9 □ To get insight about the factors affecting consumer decision process

## **1.5 Limitation of the study**

It is the fact that every studies or surveys have some limitations. It is very difficult to find any study as in its complete form. There are some limitations of the study though the researcher has paid much attention to reduce it. It is very hard to find a research design without error. We find comparatively better among the available research design than free of error. The researcher requested to the reader who read, make reference and based their decision on the findings of this study to keep the point stated below in mind while following the study. Since, this research is based



on secondary data supported by primary sources of data; it is also deprived from certain limitations which are mentioned as below:

1. The study is limited to a survey of respondents and interviews of people within urban areas of Biratnagar and is based on primary data. Secondary data have also been used for limited purpose within the scope of the present study.
2. As this study is only based on the certain sector of the community it has some limitations.
3. It studies only the effect of advertising on the buyer's behavior with specific reference to Rum Pum (Instant noodles).
4. Judgmental sampling technique is used to select the respondents for the purpose of interview.
5. Questionnaire and interview have been used to collect primary data and their limitation also applies equally.
6. The study is limited in nature due to time limitation.

Though there are some limitations cautious use of the work is recommended and it will be beneficial to the users.

### **1.6 Relevance of the Study**

Advertising promotes product consisting of goods, services, ideas, experiences, people, places, organizations. Business firm advertise goods, services and image. Social organization advertise public awareness message (anti-smoking, say no to drugs, family planning, environment protection etc.) Political parties advertise

ideal roles and candidate. The products can be promoted in various forms locally, nationally, globally; consumer, industrial trade; products, institutional; individual co-operative. Advertising has proved to be effective source of information than other sources. Every stage of product lifecycle needs advertising, volume of which may be low or high depending upon nature and stages. Advertising increases the demand for the products and services and helps in the installation of up to date machinery, consequent reduction of cost of an article and in the introduction of mass production. Advertising is not only beneficial to the producer and retailer but also to the consumer

Given the complex nature of advertising, it is important for those involved in the field, or just interested in its workings, to have an understanding of its underlying communication processes. The development of effective advertising builds upon the knowledge of how ad messages may influence buying decisions once consumers receive them. It is important to advertisers, advertising agency and copywriters to understand how consumers react to advertising and its subsequent effect on buying decisions. This study tries to find out the impact of advertising towards buying behavior of consumer.

Researcher believes that this study will be beneficial directly or indirectly to the advertisers, Advertising Agencies, Media, Copywriters and Businessmen to know about consumers' attitude and credibility towards ads and the factors affect consumers' to behave the way they do and accordingly design, build and communicate their message about product and services to the targeted group effectively. Similarly, this study will equally beneficial to the students of marketing to get insight about consumer attitudes towards advertisement and subsequent effect on their buying decision process and it is beneficial to the future researcher to build research problem in the subject. The other people who interested on its working are also can get the benefit of the study.

## **1.7 Organization of the study**

This study has been organized in to five chapters and each chapter has some importance. The title of each of these chapters is listed below;

Chapter I: - Introduction of the study

Chapter II: - Review of literature

Chapter III: - Research Methodology

Chapter IV: - Presentation and Analysis of data

Chapter V: - Summary, Conclusion and Recommendation

Chapter I: - This is the introduction chapter of the study. This chapter includes back ground of the study, statement of the problem, objectives of the study, need for the study and limitation of the study.

Chapter II: - The second deals with the conceptual thought and related study with capital structures. More over this chapter includes capital structures with view points of different personalities and critics.

Chapter III: - The third chapter deals with the research methodology which consists research design, sources of data and information as well as different analytical tools used in the study.

Chapter IV: - This chapter introduces the main aspect of the study. It deals with data collection procedure and presentation of data with different statistical and financial tools, and findings of the study.

Chapter V: - This chapter is the last chapter which presents summary, conclusion and recommendations.



## **CHAPTER- II**

### **REVIEW OF LITERATURE**

For every types of study, review of literature is very important. It is essential to find out what research studies have conducted in one's chosen field of study and what is remain to be conducted. Review of literature is a path to find out hat other research in this area has uncovered. In fact, it begins with a search for a suitable topic and continues throughout the duration of the research work. Review of literature is a process of locating, reading, obtaining and evaluating the research literature in the area in which student is interested. The main reason for a full review of research in past is to know the outcomes of those investigations in area where similar concepts and methodologies had used successfully.

Review of literature simply means reviewing research studies or other relevant proposition in related area of the study so that all the studies in the past, their deficiencies and conclusions can be known properly and research can be further conducted. It helps to know methods and approaches used by other researchers, areas of agreement and disagreement etc. It also helps to know what and how research has been done in the subject? What theories have been developed?

Advertising is not a new idea. A several studies had conducted to explore and define the advertising and to understand its dimensions. But little effort had been made to study advertising from consumers' perspectives. In this study a researcher pay little effort to study advertising from consumer's perspective. The researcher tries to find the consumer psychology towards advertising and its effect on their buying decisions. Before proceed to the full fledge study of the variable it is necessary to study about the previous works in the subject and gain knowledge

about theory and concept developed in the subject area. That helps to get depth understanding of the subject matter, helps to hypothesize variable in obtainable manner, reduce the chances of the duplication of effort and minimize the risk of doing dead ends task.

To get this objective, the studied material relevant to the study is organized into three headings (i) definition of terminology, (ii) conceptual reviews, and (iii) review of previous studies.

## **2.1 Definition of Terminology**

The terminologies are clearly defined as below;

### **2.1.1 Advertising**

The term advertising has been derived from the original Latin word 'advertere' which means 'to turn' the attention. An advertisement prime objective is to get attention to the particular product or service or an idea that would be advertised. Advertising has many facets, sphere, dimension and definitions. Advertising is to communicate a message about a product or service or an idea through media (Radio, Television, Newspapers, Magazines, Hoarding Boards, Billboard etc.) to the targeted customer or consumers by the producer or marketer of the product.

Many scholars, researchers, economists, sociologists, social scientists, marketers, and consumers have defined advertising in their own way. The some major definitions of advertising are:

The First prize-winning definition in 1932 a competition sponsored by Advertising Age is "Dissemination of information concerning an idea, service, or product to compel action in accordance with the intent of the advertiser", Advertising Age (July, 1932).

The official definition established by The American Marketing Association's Committee for Definitions is "Any paid form of non-personal presentation of ideas, goods or services by an identified sponsor, Journal of Marketing" (1948, Vol. XIII No. 2).

"Advertising is a non personal communication of information usually paid for and usually pervasive in nature about products, services or ideas by identified sponsor through the various media", Boove and Arens (1986).

An advertisement is a form of persuasive communication with the public. The communication is usually one-sided in one direction from the advertiser to the public. The members of the public are free to respond to it in their own way; the response is at an individual or family level. There is little or no dialogue with the public; advertising forces itself upon the public. At the same time, especially in a democracy with a market economy such communication is required so that intelligent choices are made. Therefore the advertising mere goal is to communicate message about an idea, product or services to the targeted consumer or group of consumers. Advertising is made to the public through specified media device. Advertising is a non-personal form of communication; it is targeted to the mass through identified sponsor appeal for the action to the targeted consumers.

### **2.1.2 Consumer Psychology**

Psychology is the description and explanation that is, the study of the causes, conditions, and immediate consequences so far as these can be ascertained, of states of consciousness such as sensations, desires, emotions, cognitions, reasoning's, decision, volitions, and the like in human beings.

Consumer is an individual or organizational unit that uses or consumes a product, W.J. Stanton, M.J. Etzel, B.J. Walker (1994).

Consumer Psychology is thoughts and feelings (transitory states of consciousness) of consumers about product and services, knowledge gained by way of thoughts and feelings, (procedural knowledge, conditional knowledge) about product and services, and response to product and services (decisions) by the consumers. Consumer Psychology is a state of mind i.e. thoughts, feelings, and knowledge about product and services of consumers. Moreover, Consumer's mental facts cannot be properly studied apart from the physical environment of which they take cognizance i.e., thoughts, feelings, and knowledge can only be understood within a social-cultural context. Individuals think, feel, and know about products and services in ways that promote behaviors that enhance self-preservation. The study of Consumer's Psychology may be divided into three fundamental conscious process and their conditions, i.e., the states of consciousness (thinking, feeling, and knowing) in correlation with their probable neural conditions.

1. Sensation – anatomically, the fibers which carry currents (affect).
2. Cerebration or Intellection – the organs of central redirection of them (cognition).
3. Tendency to Action – the fibers, which carry them out (action).

In sum up, consumer psychology is attitude, beliefs, perception and credibility of consumers about particular products or services accustomed by the physical environment, socio-economic and cultural context of the consumers and response to the particular products.

### **2.1.3 Consumer Buying Behavior or Decisions**

Behavior is a positive or negative reaction made by individuals towards some objects, things, or an idea that he/she sees, feel, experienced or confronted etc.



Behavior of an individual is guided by several factors. Any showed reaction is the combination of several factors influences to react to this manner. Buying Behavior is the decision processes and acts of people involved in buying and using products.

**Need to understand:**

Why consumers make the purchases that they make?

What factors influence consumer purchases?

**The changing factors of our society.**

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

Buyer's reactions to a firms marketing strategy has a great impact on the firm's success; The marketing concept stresses that a firm should create a *Marketing Mix* (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy; Marketers can better predict how consumers will respond to marketing strategies.

**2.2 Conceptual Reviews**

**2.2.1 Advertising Theory**

Advertising theory can be highlighted by the stages mentioned below:

- 1) Awareness
- 2) Consideration
- 3) Reaffirmation
- 4) Confirmation
- 5) Action
- 6) Reinforcement

Devising a theory of how advertising is effective within a consumer's mind is difficult because consumers struggle with every decision they make. The process in which consumers choose a brand and/or a product is extremely complicated.

Advertising messages must be tailored and relevant during each stage of a consumer's buying or decision-making process. Advertising initiatives can be viewed as effective on many different levels within this pattern. Advertising messages are created in order to change the awareness, knowledge, and attitude of consumers towards a specific brand offered. These changes take place all throughout the buying a decision making pattern.

### **Stage 1- AWARENESS**

The initial step within the buying or decision-making pattern is a basic awareness of the product or service. The pure notion that a product is available to the consumer, whether they need or can afford it at any specific moment within their life, creates some form of awareness. This stage represents the initial introduction a consumer has with a brand. The degree of awareness at this point is obsolete due to the necessity of an advertising message's need to have some sort of presence with a consumer's environment. Once a brand becomes part of a consumers' environment, or better yet knowledge base, the possibility of purchase is increased.

The time a product stays in the awareness stage varies depending on the current stage in life a person is in. The stage in life a person is in is defined by their financial status and current needs. The awareness stage could lead directly into the follow consideration stage or remain in that stage inevitably.

The chance of remaining in the awareness stage does not mean that the advertising initiatives were ineffective or wasteful. Many times consumers influence each other, and a brand in one consumer's awareness stage could lead to the introduction of the brand to another consumer. One of the most influential sources of information regarding products comes from the consumers themselves, passing the word along through daily conversation. However, the initial introduction must

be made through advertising in order to have the possibility of consumers influencing each other.

### **Stage 2- CONSIDERATION**

Once an advertising message has moved past the awareness stage, the consumer begins to consider the message. This stage represents the point in which a personal connection must begin to be made. Consideration of whether this is a product that will meet a need of the consumer is the most crucial point within the buying and decision making process. This is the stage where the consumer is weighing the facts. These facts are from the advertising message itself and from their current environment not related to the message, including other ad messages.

The main point to consider regarding this stage is that it is the stage where advertisers want to establish a connection with the consumer. Research on the target market and profiling on the target help to ensure a message to resonate with the consumer in a positive way. The connection would then push them to later purchase or develop an affinity for a certain brand.

### **Stage 3- REAFFIRMATION**

Once the consumer has had time to evaluate the message and the product or service, a connection must be made in order to move onto the next stage. The next stage involves reaffirming the consumer that the connection does exist. This stage is where they fully understand the connection, which has been made, and see a place in their lives for the advertised product or brand. This stage is similar to the consideration stage but involves an additional awareness of competitors and evaluation of preference. This stage can lead back to the consideration phase if not enough positive associations are made with the product or brand. These positive associations can come from influential friends and relatives and additional advertising messages in varying forms of media.

#### **Stage 4- CONFIRMATION**

After the consumer has been reaffirmed by additional advertising messages and influence from other consumers, the connection and relevance in the consumer's life exists. The consumer then enters the confirmation stage. This stage is where the brand and product are viewed in a positive light and there is increased chance of recommendation to other consumers or action. The confirmation stage does not always lead to action. Consumers can stay in the confirmation stage for a long time before any initiatives to buy actually take place. This mostly involves the level of involvement the consumer has with the product or brand. Higher cost items might have to remain in the confirmation stage until available funds are available to the consumer. In this case, the consumer could go back into the consideration and reaffirmation stages. More likely, confirmation will take place again at a later time where the product or brand is more appropriate within the consumer's time in life.

#### **Stage 5- ACTION**

After a confirmation of a brand or product is made, hopefully an action will take place. This stage is where the consumer has found a need and a connection, and believes it is the right time for them to purchase the product. Within this stage, reaffirmation and consideration come back into play both prior to the purchase and after. There is a constant need to convince oneself that this decision is the correct one. Advertising messages from competitors are still playing a large role in the Consumers' decision making. This consideration and reaffirmation occurs as the consumer is bombarded with competitor messages and the messages of the brand or product now preferred. However, it is important that once a consumer decides to initially purchase a product, they go back and forth between the reaffirmation stage and confirmation stage until the actual purchase takes place. Once the

purchase takes place, the consumer must have reinforcement in order to defer dissonance with the product or brand.

### **Stage 6- REINFORCEMENT**

The reinforcement stage involves continuing advertising initiatives to maintain the positive association the consumer initially had. This stage is where the consumer decides if the product actually did fulfill the need to be met as promised. This reinforcement comes from additional advertising initiatives and the actual experience with the product or brand after purchase. If the consumer is satisfied with the product or brand, a continuation of use will be established. Advertising initiatives are not developed to have the targeted consumer purchase or try the brand once; these messages are designed to become part of the consumer's lifestyle and induce repeat usage and purchasing behavior.

### **2.2.2 Stages of the Consumer Buying Process**

Six Stages to the Consumer Buying Decision Process (For complex decision): Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity.

#### **The 6 Stages are:**

1. Problem Recognition (awareness of need) – It is the difference between the desired state and the actual condition. Deficit in assortment of products. Hunger generates this stage. Hunger stimulates your need to eat. Can be stimulated by the marketer through product information--did not know you were deficient? See a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

2. Information search--

Internal search, memory

External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison-shopping; public sources etc.

A successful information search leaves a buyer with possible alternatives, the evoked set.

Hungry, want to go out and eat, evoked set is

Chinese food

Indian food

Burger king

Newari food etc

3. Evaluation of Alternatives--need to establish criteria for evaluation features the buyer wants or does not want. Rank/weight alternatives or resume search may decide that you want to eat something spicy, Indian gets highest rank etc. If not satisfied with your choice then returns to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

4. Purchase decision--Choose buying alternative, includes product, package, store, method of purchase etc.

5. Purchase--May differ from decision, time lapse between 4&5, product availability.

6. Post-Purchase Evaluation-- outcome: Satisfaction or Dissatisfaction. Cognitive Dissonance, have you made the right decision. This can be reduced by warranties, after sales communication etc. After eating an Indian meal, may think that really you wanted a Chinese meal instead.

### **2.2.3 Types of Consumer Buying Behavior**

Types of consumer buying behavior are determined by:

Level of involvement in purchase decision and Importance and intensity of interest in a product in a particular situation. Buyers' level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores other.

High involvement purchases—Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

Personal risk

Social risk

Economic risk

#### **The four type of consumer buying behavior are:**

Routine Response/Programmed behavior--buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.

Limited Decision Making— It means buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps it requires a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.

Extensive/ Complex Decision Making - It ideals with high involvement, unfamiliar, expensive and/or infrequently bought products.

High degree of economic/performance/psychological risk.-Examples includes cars, homes, computers, and education. Spend a lot of time seeking information

and deciding. Information from the companies MM; friends and relatives, store personnel etc. Go through all six stages of the buying process. The purchase of the same product does not always elicit the same Buying Behavior. Product can shift from one category to the next. For example: Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision-making.

#### **2.2.4 Factors that affect the Consumer Buying Decision Process**

A consumer, making a purchase decision will be affected by the following three factors:

1. Personal
2. Psychological
3. Social

The marketer must be aware of these factors in order to develop an appropriate MM for its target market.

##### **Personal**

Unique to a particular person, Demographic Factors: Sex, Race, and Age etc.

Who in the family is responsible for the decision-making?

Young people purchase things for different reasons than older people.

##### **Psychological factors**

Psychological factors include:

##### **Motives—**

A motive is an internal energizing force that orients a person's activities towards satisfying a need or achieving a goal.



Actions are effected by a set of motives, not just one. If marketers can identify motives then they can better develop a marketing mix.

MASLOW hierarchy of needs!!

Physiological

Safety

Love and Belonging

Esteem

Self Actualization

It is very essential to determine what level of the hierarchy the consumers are at to determine what motivates their purchases. Motives often operate at a subconscious level therefore are difficult to measure.

### **Perception—**

What do you see?? Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. We chose what info we pay attention to, organize it and interpret it. Information inputs are the sensations received through sight, taste, hearing, smell and touch.

Selective Exposure-select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

Selective Distortion-Changing/twisting current received information, inconsistent with beliefs. Advertisers that use comparative advertisements (pitching one product against another), have to be very careful that consumers do not distort the facts and perceive that the advertisement was for the competitor.

Selective Retention-Remember inputs that support beliefs, forgets those that don't.

Average supermarket shopper is exposed to 17,000 products in a shopping visit lasting 30 minutes-60% of purchases are unplanned. Exposed to 1,500 advertisements per day. Can't be expected to be aware of all these inputs, and certainly will not retain many.

Interpreting information is based on what is already familiar, on knowledge that is stored in the memory.

### **Ability and Knowledge**

It is very necessary to understand individual's capacity to learn. Learning, changes in a person's behavior caused by information and experience. Therefore to change consumers' behavior about your product, need to give them new information are: product, free sample etc. When making-buying decisions, buyers must process information Knowledge is the familiarity with the product and expertise. Inexperience buyers often use prices as an indicator of quality more than those who have knowledge of a product. For example: Non-alcoholic Beer. Consumers chose the most expensive six-pack, because they assume that the greater price indicates greater quality.

Learning is the process through which a relatively permanent change in behavior results from the consequences of past behavior.

### **Attitudes**

Knowledge or positive and negative feelings about an object or activity-maybe tangible or intangible, living or non-living drive perceptions. Individual learns attitudes through experience and interaction with other people. Consumer attitudes towards a firm and its products greatly influence the success or failure of the firm's marketing strategy.

Talking about Honda "You meet the incest people on a Honda" dispels the unsavory image of a motorbike rider, late 1950s. Changing market of the 1990s, baby boomers aging, and Hondas market returning to hard core. To change this they have a new slogan "Come ride with us". Attitudes and attitude change are influenced by consumers' personality and lifestyle. Consumers screen information that conflicts with their attitudes. Distort information to make it consistent and selectively retain information that reinforces our attitudes i.e. brand loyalty. There is a difference between attitude and intention to buy (ability to buy).

### **Personality**

All the internal traits and behaviors that make a person unique, uniqueness arrives from a person's heredity and personal experience. Examples include:

Work holism

Compulsiveness

Self confidence

Friendliness

Adaptability

Ambitiousness

Dogmatism

Authoritarianism

Introversion

Extroversion

Aggressiveness

Competitiveness

Traits affect the way of people behaves. Marketers try to match the store image to the perceived image of their customers.

There is weak association between personality and Buying Behavior; this may be due to unreliable measures. Nike ads. Consumers buy products that are consistent with their self-concept.

## **Lifestyles**

Lifestyles are the consistent patterns people follow in their lives.

Example, healthy foods for a healthy lifestyle

## **Social Factors**

Consumer wants, learning, motives etc. are influenced by opinion leaders, person's family, reference groups social class and culture.

## **Opinion Leaders**

Marketers try to attract opinion leaders... they actually use (pay) spokespeople to market their products. Michael Jordan (Nike, McDonalds, Gatorade etc.) Can be risky... Michael Jackson...OJ Simpson...Chevy Chase

## **Roles and Family Influences**

Roles are things you should do based on the expectations of you from your position within a group. People have many roles. Husband, father, employer/ee etc. Individuals role are continuing to change therefore marketers must continue to update information. Family is the most basic group a person belongs to. Marketers must understand the following things:

Many family decisions are made by the family unit

Consumer behavior starts in the family unit

Family roles and preferences are the model for children's future family (can reject/alter/etc)

Family buying decisions are a mixture of family interactions and individual decision making

Family acts an interpreter of social and cultural values for the individual.

The family life cycle: families go through stages; each stage creates different consumer demands:

Bachelor stage...

Newly married, young, no children

Full nest I, youngest child under 6

Full nest II, youngest child 6 or over

Full nest III, older married couples with dependant children

Empty nest I, older married couples with no children living with them, head in labor force

Empty nest II, older married couples, no children living at home, head retired

Solitary survivor, in labor force

Solitary survivor, retired

Modernized life cycle includes divorced and no children.

### **Reference Groups**

Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members like Families, friends, sororities, civic and professional organizations etc. Any group that has a positive or negative influence on a person's attitude and behavior are reference group.

Membership groups (belong to)

Affinity marketing is focused on the desires of consumers that belong to reference groups. Marketers get the groups to approve the product and communicate that approval to its members. Credit Cards etc.

Aspiration groups (want to belong to)

Disassociate groups (do not want to belong to)

Honda tries to disassociate from the "biker" group. The degree to which a reference group will affect a purchase decision depends on an individual's

susceptibility to reference group influence and the strength of his/her involvement with the group.

### **Social Class**

An open group of individuals who have similar social rank are called social class. In the world there is no classless society. Criteria, Occupation, Education, Income, Wealth, Race, Ethnic Groups and Possessions etc are social class which influences many aspects of our lives. Social class determines to some extent, the types, quality, and quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping; do not engage in much pre purchase information gathering. Stores project definite class images. Family, reference groups and social classes are all social influences on consumer behavior. All operate within a larger culture.

### **Culture and Sub-culture**

Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel that big impact on marketing. Culture affects what, how, and when people buy? Understanding Consumer Buying Behavior offers consumers greater satisfaction (Utility).

## **2.3 Review of Previous Studies**

There are some similar studies which had been conducted previously about advertising research. Professionalism, highly advanced marketing and advertising practices have not institutionalized here in Nepal but some of the researches have been conducted on Advertising and Sales promotion.

The following were the findings of the study:

Pandey, Roj, Nath (2005), study on **The influence of advertising on marketing management of Noodles, Toothpastes and washing soaps in Kathmandu**, had following objectives:

Measure rudimentary response to the advertising impressions.

Measure emotional response to the advertising impressions.

Measure active response to advertising impressions.

Identify the degree of relationship between the various components within recall, emotional response and active response.

Identify the effectiveness of the psychological sequence initiated by advertising to achieve the desired response.

**The findings of the study were as follows:**

### **Stage 1: Measured of rudimentary response**

Rudimentary response was based on recall of the respondents.

Spontaneous recall:

Spontaneous brand awareness.

Spontaneous advertising awareness.

Prompted with a brand:

Recall of advertisements when prompted with brand name.

Recall of message content when aided with brand name.

Aided with exposure:

Recall levels when aided with exposure.

Recall of message content after being exposed to the advertisements.

### **Stage 2: Measure of Emotional Response**

Emotional response measured was based on measures from stage 1 plus his answers to following items:

Relation of advertising message to the opinion about the products/brands.

Believability of the message and the product/brand features highlighted.

Experience of an emotional reaction (Interest) as opposed to a feeling of indifference towards experience.

A feeling of greater friendliness towards the source of the communication.

A feeling that the communication was 'getting through' (persuasiveness) to him/her.

### **Stage 3: Measure of Active Response**

Active response was based on the measures from stage 1 and stage 2 and response to the following items:

An expression that the recipient has or has not learned something about the product/service/idea that will help him to decide.

A declaration whether the recipient considers the product/service/idea worth recommending to others.

An expressed desire to follow, not to follow up or just to look into or try the product/service/idea.

Pokharel, Tulasi Ram (2003), study on **Problems and prospects of advertising agencies in Nepal** had following objectives:

To identify the present status of advertising in Nepal.

To identify the problems faced by advertising agencies in Nepal.

To identify the level of satisfaction of clients (advertisers) towards agency's services.

To identify the scope and prospects of advertising agencies in Nepal.

The study has explained about present status of advertising in Nepal. This report deals with the problems faced by different advertising agencies and advertisers to implement new products in the Nepalese markets. The level of satisfaction of the user of the advertised goods towards the advertisers have also been found and



analyzed in the study. It has also identified about the scopes of the advertising agencies in Nepal.

Shrestha, Rajendra Krishana (1997), study on **Role of advertising in brand choice and product positioning** had following objectives:

To analyze the effectiveness of advertising on brand choice of consumer products.

To evaluate the role of advertising in product positioning from the consumers perspective.

Do consumers give more importance to advertising rather than any other promotional tools while making selection decision?

**The findings of the study were as follows:**

Advertising is the main source of information and key tool to motivate and persuade the consumers.

Dissemination of product features for new products is very high through advertising.

Believability is found to be satisfactory and the major reason for switching brands is taste.

Baral, Laxmi Prasad, (1996), study on **Communication effects of advertising and brand preference** had following objectives:

To examine the effectiveness of advertising of Rara and Yum Yum noodles.

To bring into focus the relation between brand preference and advertising.

To examine the popular media of advertising in case of instant noodles.

**The findings of the study were as follows:**

There is a high degree of association between brand preference and advertisement qualities. No difference between Yum Yum and Rara advertisements in terms of attractiveness. Radio, TV and Newspapers are the major media for instant noodles.

Upadhyay, Santosh Kumar, (1991), study on **Radio advertising and its impact on purchasing act in consumer goods** had following objectives:

To study the impact of radio advertising on the consumer purchase behavior.

To study the change in sales of firms due to radio advertising.

**The findings of the study were as follows:**

Both consumers and advertiser recognize the need for advertising. The consumer thinks that goods advertised are more effective and it is useful for them. Similarly it is also useful for advertisers as there is much more sale of goods in their profit making.

Senior personnel conduct advertising business, and there is no separate section to deal with advertising.

The effective forms of media to reach the hearts of consumers are radio, cinema, and periodicals, which ranked first, second and third respectively.

Khadka Chhetry, Prakash Bahadur, (1990), study on **The language of advertisement** had following objectives:

This study was on the linguistics aspect of the advertisements. The study describes the languages in advertising. This study is more relevant for the linguistics students. Advertisement qualities of instant noodles have made no changes in brand preference. All brands have been following the same type of advertisements for long time.

Pandey, Prakash Raj, (1980), study on **Advertising in Nepal** had following objectives:

To identify the present position of advertising in Nepal.

To find the existing patterns in brands.

To find the constraints hindering the use of advertising as an effective method of promotion.

To suggest measure to enable advertising to play its role more effectively.

**The findings of the study were follows:**

The study mainly deals to the historical as well as present development of advertisement in Nepal in various sectors mainly for the promotion of markets.

The study results are;

Advertising is the main method of promotion practiced in Nepal. Nepalese marketing strategy has been given main emphasis on advertisement for the sale and promotion of marketing in Nepal. In regard to service rendered by the agencies none are full service agencies. The agencies involved are not professionally involved in advertising though it is the main factor for market promotion. Effects of advertising are generally not evaluated but advertisers think that it has a favorable on sales and on profit.

## **CHAPTER- III**

### **RESEARCH METHODOLOGY**

This is the part which deals with methods and techniques used for organizing research work. This study is based on both primary and secondary data. Secondary data were collected from different books, newspapers, magazines. NTV rate card, NTV views survey 2004 etc and primary data were collected by taking interviews to different peoples.

This study attempts to study the impact of advertising towards the buying behavior of consumer. To get this objective the relationship between three independent variables, i.e. consumer attitude, perception and credibility towards advertisement with dependent variable consumer buying behavior is analyzed. Besides these prime objectives there are two subsidiary objectives of the study, i.e. to know about the factor that affect consumer buying behavior. It is very hard to choose the research design to best fit to the study without error. To achieve the mention objectives the research methodology used are given below:

#### **3.1 Research Design**

By the very nature of this research, it is a consumer opinion study or study of consumer attitude, perception and credibility towards advertising and its subsequent effects on consumer buying behavior. Hence a consumer opinion survey research design was used. It is a sample survey of consumers to make inferences of the study.

Research Design is the plan, structure, and strategy of investigation conceived so as to obtain answers to research questions and to control variance.

F.N., Kerlinger (1986).

### **3.2 Population and Sample**

The population of the study comprised all the consumers of Biratnagar. Both primary and secondary data are used in this study. As discussed above secondary data were collected from different books, magazines, newspapers, NTV viewers' survey (official report), NTV rate card and dissertation submitted to the institute of management and manuals and papers. 80 questionnaires were filled by people of different age groups, with different education level by selecting 40 males and 40 females

### **3.3 Data Collection Source**

As already mentioned above both primary and secondary sources of data are used in this study. A primary data collection is questionnaire. A set of questionnaire has been prepared and filled by different level of people through the means of interviews. This questionnaire is prepared to support all the objectives of this research and researcher herself was presented to take interview with the people where as, Secondary data were collected from different books, magazines and different sources of NTV library. The method by which data has been collected is discussed as below:

- Primary data and information
  
- Secondary data and information

#### **1. Primary data and information**

While collecting primary data and information, the different methods have been adopted. They were:-

i. Questionnaire method: During the course of the research study, different questionnaire have been designed or prepared as per the requirement of the research study. The list of questionnaire and their types are attached in the

Appendix 'I' of the research study. The list of questionnaires has been distributed among 80 peoples of the city Biratnagar randomly to receive information accurately.

ii. Interview method: The interview is a method allowing the researcher to ask question which will enable him/her to answer research options, In order to get information for the introductory frame work of research study. Structured and unstructured interview has been conducted to the different people of different age groups.

## **2. Secondary Data and Information**

Secondary data are actually the results and data collected by previous investigators. It provides the researchers with a considerable amount of useful information.

With reference to research study, the different secondary information has been collected from different sources. The different sources are- books, magazines, newspapers, NTV viewers' survey (official report), NTV rate card and dissertation submitted to the institute of management and manuals and papers.

## **3.3 Analysis Techniques**

In order to accomplish the objectives of the study various graphs, diagrams including pie charts have been applied for the purpose of analysis. The result of analysis has been properly tabulated, compared analyzed and interpreted. Structured questionnaire were sent to some respondents by mail, e-mail and given through personal contact. Only about 50% of respondents sent their responses. Among those which sent some were incomplete and that were excluded from the study.

### **3.4 Variables and Measurement**

80 structured, multi-choices, open-ended as well as closed questionnaires were constructed for data collection. In 80 questions some questions were designed to collect the personal information like name, age, sex, education, family life cycle and occupation, some questions were designed to collect the information on factors that affect consumer buying decision process, some questions were designed to collect the general advertisement response, some questions were kept for cross check the consumer response, some questions were designed to collect the data on consumer attitude towards advertisement and buying behavior.

### **3.5 Data Presentation and Analysis Tools**

The consistency of the answer provided by respondents was checked and tabulated according to age, sex and education status. Different sets of tables have been prepared for every important questionnaire. Simple listing method is used for the tabulation of data and different responses made by them are presented on percentage basis as well.

The responses were categorized, tabulated, processed and analyzed using different methods. To present in the understandable form pie chart and simple bar diagram were used. The sample data collected covering the various back grounds are presented in table below;

The situation of gender wise data collection is presented in table -1



**Table -3.5.1**  
**Gender wise sample collection**

Description	Sample size
Male	40
Female	40
Total	80

Similarly, the data collected from covering the various educational backgrounds is presented in table -2

**Table-3.5.2**  
**Educational wise sample collection**

Description	Sample size
Uneducated	16
Below S.L.C.	16
S.L.C.	16
Above Graduate	16
Graduate	16
Total	80

Like wise, the situation of age –wise sample collection from various age groups are presented in Table -3

**Table-3.5.3**  
**Age-wise sample collection**

<b>Description</b>	<b>Sample size</b>
Below 15	16
16-25	16
26-35	16
36-45	16
Above 45	16
Total	80

### **3.6 Pre Testing**

The pre testing of the questionnaire was done on a sample of twenty consumers. Depending on the problems faced by them in answering the questions, its initial pattern was restructured in the simplest form as far as possible.

## **CHAPTER 4**

### **PRESENTATION AND ANALYSIS OF DATA**

The advertising business in Nepal is flourishing day by day, which passes through appropriate media like television, radio, press and magazine. Advertising is not ordinary communication but marketing communication. Communication is unimaginable these days. Advertising relays the message of different product in the easy touch of common people. This analysis covers Biratnagar sub metropolitan city and glances upon the behavior of different consumers.

The sample populations of study were 80 respondents belonging to different age group which comprises of 40 males and 40 females. The most important task of any researcher is to present the raw data into an understandable form and analyze in the purposive way to obtain the research objectives

#### **4.1 Presentation of Data in Graphs**

It is a pictorial presentation of the data to understand the further analysis at a glance. It is presented here to gain idea on the factors affecting buying behavior, consumers' attitude and buying pattern. It also helps to understand the general attitude towards advertising. It can't prove or disprove the fact by the data presented in graphs, but it helps to get insight into the nature and direction of the data. The prime objective of this presentation is to provide the background to understand the next part of the analysis easily, to present the factors considered under study and to give an insight into the nature of data studies.

The researcher have tried to present and analyze consumers' responses relating to media used by respondents, persons who buy for them, the types of products they

used to buy, influencer to them for buying, sources of information used by them for buying, the type and reasons to get help for buying, and so on. These responses have been shown differently in the respective figures in the running materials. The researcher took an opinion survey vis-à-vis the information media used by the respondents. The views of people have been analyzed as follows;

#### 4.1.1 Age-wise consumer' preference on Advertisement

The table below shows the age level and their advertisement preference. The sample size of total people is divided into five groups of 16 respondents in each group. The detail situation has been presented in table 4.1.1 as below;

**Table -4.1.1**  
**Age-wise consumer's preference on advertisement**

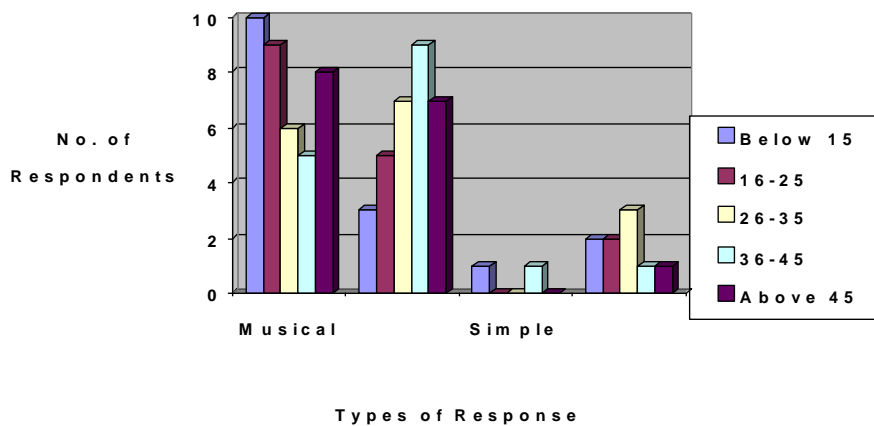
Description	Sample size	Musical	%	Good wording	%	Simple	%	All Type	%
Below 15	16	10	62.5	3	18.75	1	6.25	2	12.5
16-25	16	9	57.25	5	31.25	0	0	2	12.5
26-35	16	6	37.5	7	43.75	0	0	3	18.75
36-45	16	5	31.25	9	56.25	1	6.25	1	6.25
Above 45	16	8	50	7	43.75	0	0	1	6.25
Total	80	38	47.5	31	38.75	2	2.5	9	11.25

*Source: Field survey*

It was found that 62.5% of people below 15 years preferred musical advertisement mostly, 18.75% of people are found to prefer good wording, 6.25% of people below 15 years are found to prefer simple advertisement and 12.5% of people are found to prefer all type of advertisement i.e. musical, good wording and simple.

the reaction of the people those fall in age group of 16 to 25 is slightly different. 56.25% of those people like musical advertisement, 31.21% of those people like advertisement with good wording, 12.5% of people like all type of advertisement, whereas 0% of people like simple advertisement which clearly means no one between the age of 16 to 25 likes simple advertisements. Talking about the age group between 26-35, 43.75% of people love advertisement with good wording, 37.5% of people prefers musical advertisement, 18.75% of people like all type of advertisements. Under the age group of 36-45, 56.25% of people preferred advertisement having good wording followed by 31.25% of people who loved musical advertisement. 6.25% of people preferred all type of advertisement including simple. Under the age group above 45 years 50% of people like musical advertisement 43.75% of people like advertisement having good word and 6.25% of people like all type of advertisement. The data are clearly shown on multiple bar diagram as below;

**Diagram 1: Preference on advertisement**



#### 4.1.2 Literacy wise consumer's preference on advertisement

The situation of consumer preferences on the basis of literacy level of consumer is presented in the table 4.1.2

**Table 4.1.2**

## Literacy wise consumer's preference on advertisement

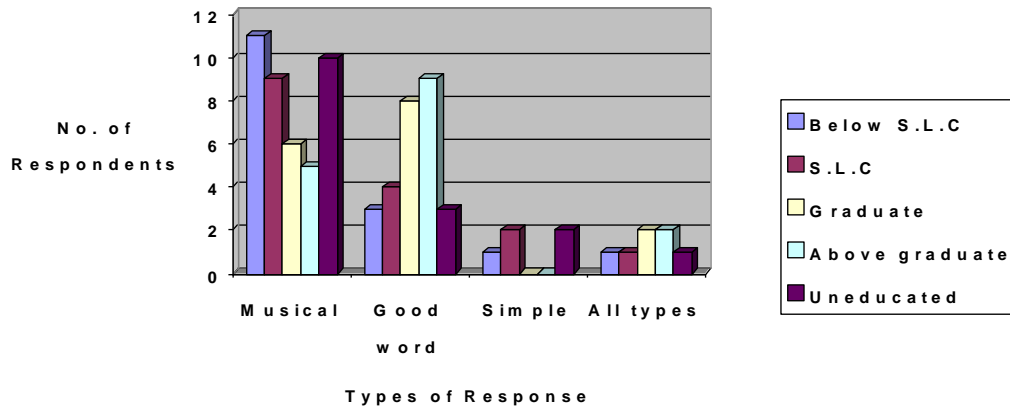
Description	Sample size	Musical	%	Good wording	%	Simple	%	All types	%
Below S.L.C	16	11	68.75	3	18.75	1	6.25	1	6.25
S.L.C	16	9	56.25	4	25	2	12.5	1	6.25
Graduate	16	6	37.5	8	50	0	0	2	12.5
Above graduate	16	5	31.25	9	56.25	0	0	2	12.5
Uneducated	16	10	62.5	3	18.75	2	12.5	1	6.25
Total	80	41	51.25	27	33.75	5	6.25	7	8.75

*Source: Field survey*

The above table shows that lower educated respondent's people preferred to musical advertisements. Regarding musical advertisement 68.75% of people below S.L.C preferred it. Whereas, 56.25% of S.L.C prefer it. Like wise 37.5% graduate, 31.25% above graduate and 62.5% of uneducated people prefer musical advertisement. Similarly, regarding advertisement with good wording 18.75% of people below S.L.C, 25% of people in S.L.C level, 50% graduate, 56.25% above graduate and 18.75% of uneducated people prefer advertisement having good words. Considering simple advertisement 6.25% below S.L.C, 12.5% S.L.C level, 0% above graduate, 12.5% uneducated people like simple advertisement. 6.25% of uneducated, S.L.C as well as below S.L.C prefer all type of advertisement, where as, 12.5% of graduate and above graduate people prefer all types of advertisement. The above table shows that graduate people focus on advertisement having good word where as, uneducated and people below S.L. C

level focus on musical advertisement. To understand the above information properly it is presented in multiple bar diagram as below;

**Diagram 2: literacy-wise consumer preference on advertisement**



### 4.1.3 Preference of Advertisement according to gender (Sex)

The situation of preference of consumer on advertisement according to the gender or sex is presented in table below;

**Table 4.1.3**

**Preference of Advertisement according to gender (Sex)**

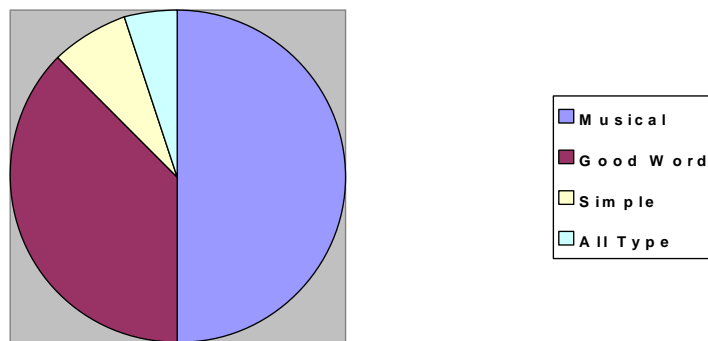
Description	Sample size	Musical	%	Good word	%	Simple	%	All types	%
Male	40	20	50	15	37.5	3	7.5	2	5
Female	40	25	62.5	10	25	1	2.5	4	10
Total	80	45	56.25	25	31.25	4	5	6	7.5

Source: Field survey

The above table shows preference of advertisement according to gender. Out of 40% male, 50% of respondent are found to like the musical advertisements, 37.5% of respondent preferred good wording, 7.5% of respondent preferred simple advertisement and 5% respondent liked all type of advertisements. Regarding female respondents, 62.5% of respondents like the musical advertisements, 25% of respondent like the good wording, 2.5% of respondents like simple and 10% of respondents like all type of advertisements.

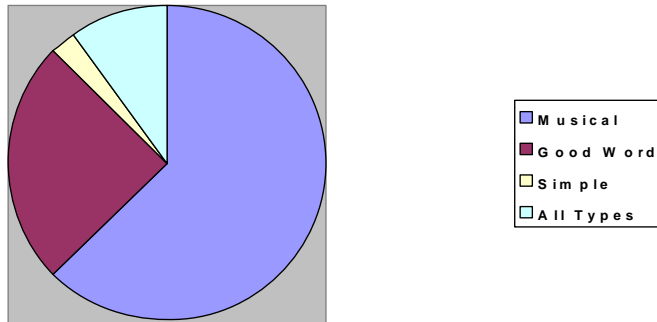
From the analysis it can be concluded that the female consumers seems to give more priority to musical advertisement than the good wording advertisement than the male. Altogether, they preferred the musical advertisements the good wording advertisements. For more clarity the above information is presented with the help of the pie-chart.

**Diagram -3 Preference of Advertisement according to gender (Male)**





**Diagram -4 Preference of Advertisement according to gender (Female)**



#### **4.1.4 Consumers habit of watching and hearing advertisement**

The table below presents the consumer habit of watching and hearing advertisement:

**Table 4.1.4**

**Consumer habit of watching and hearing television advertisement**

Description	Sample size	Watching and hearing	%	Neither watching nor hearing	%
Male	40	30	75	10	25
Female	40	34	85	6	15
Total	80	64	80	16	20

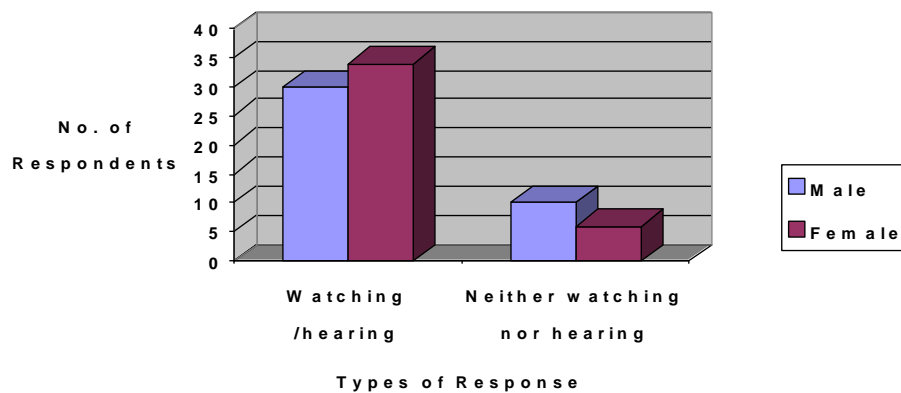
*Source: Field survey*

The above table presents the habit of people watching and hearing advertisement

living in Biratnagar. Out of total sample population, 80% of people are found to have the habit of watching and hearing advertisement. To analyze the figure of male and female,

(75% male and 85% female,) the percentage of women watching and hearing advertisement seem to be higher by 10% likewise, 25% female are found not to have the habit of watching and hearing advertisement whereas male percentage is only 15%. The statistics is presented below through multiple bar diagram.

**Diagram 5: Consumers habit of watching and hearing advertisement.**



#### 4.1.5 Age-Wise consumers' reaction to the advertisements

The people of different age groups react to the advertisement differently like some of them tries to know what advertisement meant. Some of them may be curious about advertisement, whereas, some just watches or hear advertisement. The situation of consumer reaction according to the age group is presented in the table 4.1.5

**Table 4.1.5**

**Age wise consumer's reaction to the advertisements**

Description	Sample size	Try to know	%	Curious	%	Just hear or watch	%
Below 15	16	5	31.25	2	12.5	9	56.25
16-25	16	8	50	3	18.75	5	31.25
26-35	16	9	56.25	1	6.25	6	37.5
36-45	16	7	43.75	0	0	9	56.25
Above 45	16	6	37.5	1	6.25	9	56.25
Total	80	35	43.75	7	8.75	38	47.5

*Source: Field survey*

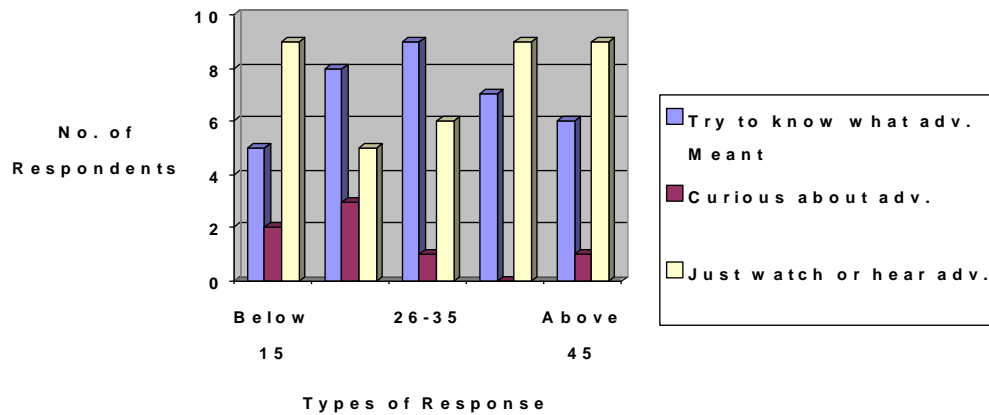
The above Statistics shows that the total sample population belonging to different age group does not have the same opinion about advertisement. The results regarding the consumer's opinion on advertisement indicate that 31.25% of respondent belonging to the first age group (i.e. below 15) want just to know the literal meaning of advertisement, 12.5% respondent are really curious about advertisement whereas, 56% of respondent are passive advertisement audience.

Like wise, among the respondent belonging to second age group (i.e. 16-25), 50% respondent are conscious only with the meaning of advertisement, 18.75% are highly inquisitive to the advertisement while 31.25% are mere audience o analyze the third group i.e. 26-35, 56.25%, of respondent are excited about the advertisement and only 37.5% respondent are only audience. In the fourth age group, i.e, 36-45, 43.75% respondents are found to be conscious about the meaning of advertisement and no people were found to be highly interested to

advertisement and 56.25% respondents are found to be dull audience. In the last group i.e, above 45, 37.5% are conscious with the meaning of advertisement and 6.25% are inquisitive to advertisement where as 56.25% of respondents are found to be mere audience.

Thus from the above data it is clear that almost 35% respondent are only conscious about what advertisement means and only 8.75% are highly interested about advertisement while 47.5% respondent are found to be dull audience. This is more clearly presented in the chart below:

**Diagram 6: Age-wise reaction to the advertisement**



**4.1.6 Education –wise reaction to the advertisement**

The consumer's reaction to the advertisement according to their educational level is presented in the table below;

**Table 4.1.6****Education –wise reaction to the advertisement**

Description	Sample size	Try to know	%	Curious	%	Just watching or hearing	%
Below S.L.C	16	4	25	1	6.25	11	68.75
S.L.C	16	5	31.25	2	12.5	9	56.25
Graduate	16	9	56.25	2	12.5	5	31.25
Above graduate	16	10	62.5	1	6.25	5	31.25
Uneducated	16	9	56.25	1	6.25	6	37.5
Total	80	37	46.25	7	8.75	36	45

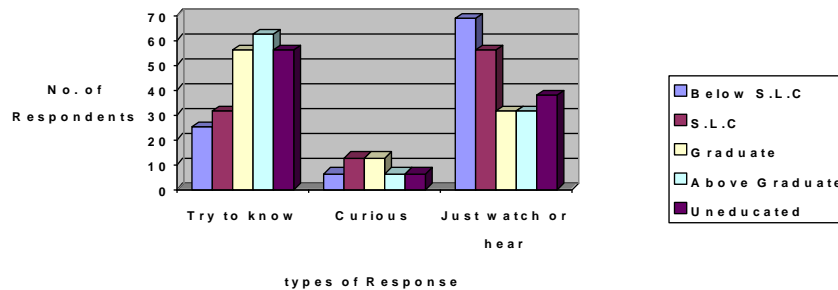
*Source: Field survey*

The above table indicates the reaction of respondents in term of heir educational status. 25% of respondent having the qualification below S.L.C. opined that they want to know only the meaning of advertisement, 6.25% of the respondents are found to be highly interested to the advertisement whereas 68.75% of respondents are seemed to be mere audience.

In the second group having educational degree above S.L.C., 31.25% of respondents want to know what advertisement means, 12.5% are curios about advertisement while 56.25% are only audience. Taking about the third group having graduate degree, 56.25% respondents viewed that they are only conscious to the meaning of advertisement, 12.5% are inquisitive to the advertisement where as 31.25%are fount to be only audience. In the fourth group i.e. having qualification above graduate degree, 62.5% respondents are found to be aware of the meaning of advertisement, 6.25% are excited about advertisement while 31.25%are found to be inactive audience. To see the ignorant respondents, 56.25%

respondents wanted to know the meaning of advertisement, 6.25% of respondents are highly interested whereas 37.5% are dull audience.

**Diagram 7: Educational-wise reaction to the advertisement**



From the above statistics the majority of the forth respondents group are found to be particular on the meaning of advertisement. The second and third groups are found to be highly curious about the advertisement whereas the first group is found to be dull audience.

#### 4.1.7 Gender-wise reaction to the advertisement

The situation of Gender-wise reaction to the advertisement is presented in the table below:

**Table 4.1.7  
Gender-wise reaction to the advertisement**

Description	Sample size	Try to know	%	Curious	%	Just watching	%
Male	40	29	72.5	2	5	9	22.5
Female	40	31	77.5	1	2.5	8	20

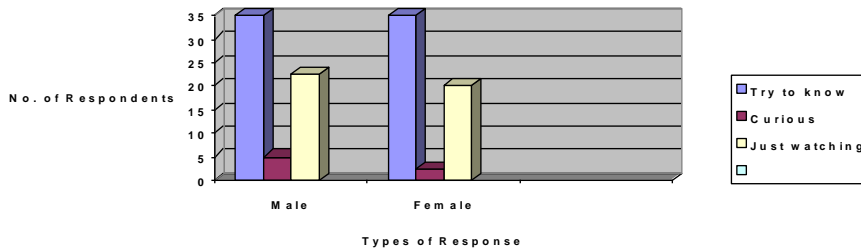
Total	80	60	75	3	3.75	17	21.25
-------	----	----	----	---	------	----	-------

Source: Field survey

The above figure shows the gender wise reaction of advertisement. Out of the total forty male populations, almost 72% of respondents view that they are particular only o the meaning, 5% are curious to advertisement and 22.5% found to be mere audience. To see the female population 77.5% respondents are found to be concerned of the meaning of advertisement. Only 2.5% are curious about advertisement and only 20% are found to be mere audience.

From the above data it can be concluded that female p9opulation seems to be more concerned with the meaning of advertisement whereas majority of male population is found to be interested to the advertisement. This can be presented with the help of multiple bar diagram given below;

### Diagram-8 Gender wise reaction to advertisement



### 4.1.8 Effects of advertisement on consumer's purchasing decision

The result of consumer's reaction in this regard is presented in the table below:

**Table 4.1.8**

#### Effect of advertising on consumers' purchasing decisions

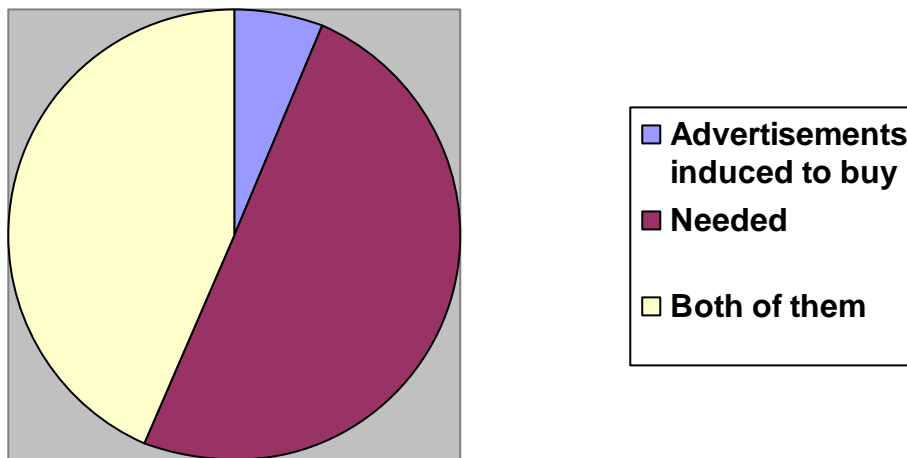
Description	No. of respondents	Percentage
Advertisements induced to buy	5	6.25

Needed	40	50.00
Both of them	35	43.75
Total	80	100.00

*Source: Field survey*

The above table shows that out of total respondents, 6.25% respondents are found to be the customers of the product because they are influenced by the advertisement, 50% responded that they became customer of the product because of their need not due to the effect of advertisement whereas 43.75% customers are found to support both of the reasons. Thus, from this above result it can be concluded that majority of the respondents used the particular product to fulfill their needs. It can be more clearly presented by the diagram given below:

**Diagram 9: Effect of advertising on consumers' purchasing decisions**







#### **4.1.9 Consumers preferences to the product**

Consumer prefers different product by considering various factors. Advertisement is also one of the important factors which affect the consumer's preferences of the particular product. The result of the consumer preference to various type of product is presented in the table below:

**Table 4.1.9**  
**Consumer's preferences to the product**

Description	No. of respondents	Percentage
Product frequently advertised	65	81.25
Product not advertised	15	18.75
Total	80	100.00

*Source: Field survey*

The above figure clearly shows the number of consumer's preferences to the product. Out of the total 80 respondents, 81.25% respondent responded that they prefer the frequently advertised product whereas, 18.75% respondents

opined that they prefer to buy the product that is no advertised. It is more clearly presented by the chart given below;

**Diagram 10: Consumer's preferences to the product**



From the above analysis it can be concluded that majority of consumer's give the priority to the frequently advertised product.

#### **4.1.10 Consumer's preferences to the means of advertisement**

Consumer prefers different mans of advertisement according o their need, interest and priority. There are various means of advertisement available in the market like newspaper, magazine, television, radio, pamphlets and posters etc. The situation of consumer's preference to the various means f advertisements is presented in the table below:

**Table 4.1.10**

**Consumer's preferences to the means of advertisement**

Description	No. of respondents	Percentage
Newspaper	10	12.50
MAGAZINE	2	2.50
Television	63	78.75
Radio	4	5.00

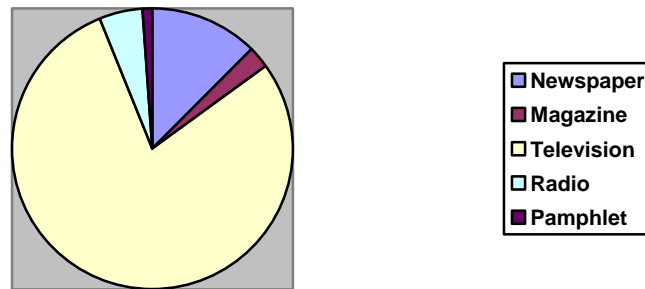
Pamphlets & Posters	1	1.25
Total	80	100

Source: Field survey

The above statistics present the number of respondents preferring the means of advertisement. Out of the total of 80 respondents, majority of respondents i.e. 78.75% responded that they prefer the television whereas rest of the respondent opined that they prefer Newspaper, Magazine, Radio and Pamphlets & Posters by 12.55, 2.5%, 5.00%, 1.25% respectively.

From the above analysis it can be concluded that television seems to be the most popular means or media which plays crucial role to enhance the market of goods manufactured.

**Diagram 11: Consumer's preferences to the means of advertisement**



**4.1.11 Impact of repeated advertisement to attract consumer attention.**

The repeated advertisement of various product through various means of advertisements sometime attracts the consumer attention where as, sometimes fails to attract the consumer. Talking about the instant noodles, Rum pum, the repeated advertisement have helped it a lot to gain good sale of product. The impact of repeated advertisement to attract consumer attention is presented in the table below:



**Table 4.1.11**

**Impact of repeated advertisement to attract consumer attention.**

Description	No. of respondents	Percent
Attract consumer attention	50	62.5
Do not attract consumer attention	30	37.5
Total	80	100

*Source: Field survey*

The above figure shows the number of consumer being attracted by repeated advertisement in the media. Among the total of 80 respondents most of the respondents i.e. 62.5% are found to be attracted by the advertisement where as, 37.5% respondents are only seem to have no effect of advertisement. That's why it is clear that advertisement are fruitful to lure the consumer.

**4.1.12 Consumers response to the adequacy of advertisement**

Consumers can receive various useful information regarding the product's usefulness or benefits, using techniques and its effects on their daily life etc. from the advertisement. The situation of consumer's response regarding the adequacy of advertisement is presented in table below:

**Table 4.1.12**  
**Consumers' response to the adequacy of advertisement**

Description	No. of respondents	Percent
Seek for additional information	65	81.25
Adequate information	15	18.75
Total	80	100

*Source: Field survey*

The above table shows in brief the consumers reaction to the adequacy of the advertisement. Among the total 80% respondents, 81.25% respondents wanted some more information to be added in the advertisements whereas for 18.75% responded that the content of the advertisements are adequate i.e. they are fully satisfied with the information received from advertisement of particular product.

Therefore, from above analysis it can be concluded that majority of consumer are willing to add additional information in the advertisement so that the advertisement would be adequate enough to accomplish the demand of the customer.

#### **4.1.13 Consumer's preference to the product having same price and quality.**

The consumer may give different preference to the product having same price an quality due to the effect of advertisement The result of the consumers preferences towards such product due to the impact of advertisement can be presented as follows:

**Table 4.1.13**

**Consumer's preference to the product having same price and quality.**

Description	No. of respondent	Percent
Advertise product	70	85
Not advertise product	10	15
Total	80	100

*Source: Field survey*

The above table shows the preference of consumer's to the product having same price and quality out of the total 80 respondents 85% respondents gives preference to the advertised product whereas 15% respondents gives reference to non advertised consumers.

#### **4.1.14 Impact of advertisement on customer**

Some advertisements create positive impact among the consumers regarding the advertised product while sometimes it may fail for this. The results of survey on this regard are presented in table below:

**Table 4.1.14**

**Impact of advertisement on customer**

Description	No. of respondents	Percent
Positive impact	65	81.25
No impact	15	18.75
Total	80	100.00

*Source: Field survey*



The above table shows the role of the advertisement to attract the consumers. from the analysis I can be found hat, out of the total 80 respondents, 83.75% respondents could not say whether they decide to buy the product or not after they saw the advertisement broadcast in the television and only a few percent of people i.e. 6.25% opined that they will purchase the product after they saw the advertisement broadcast in the television however 10% respondents opined that they will not purchase. It proves that advertisement helped to the majority of customer's o recall the brand's name to a greater extent but the purchase decisions is not fully depended upon the advertisement.

#### **4.1.15 Effectiveness of advertisement of instant noodles (Rum Pum)**

The advertisement of the noodles sometimes reaches to the target group while sometimes it fails. The result of the effectiveness of the noodles is presented in the table below:

**Table 4.1.15**  
**Effectiveness of advertisement of instant noodles (Rum Pum)**

Description	No. of respondents	Percent
Seen	80	100
Not seen	0	0
Total	80	100.00

*Source: Field survey*

The above table shows the effectiveness of the advertisement of instant noodle Rum Pum.. From the analyses of the table it can be concluded that 100% of the respondent are filmier with the advertisement of noodles which indicates that advertisement very much effective to introduce the product to the customer.

#### **4.1.16 Factors that influence consumer to buy the product (Rum Pum noodles)**

Many factors influence the consumer to buy the product like Rum Pum noodles like quality price advertisement etc. The results of the factor that affect the consumer to purchase the noodle are presented in the table below;

**Table 4.1.16**  
**Factors that influence consumer to buy the product (Rum Pum noodles)**

Description	No. of respondents	Percent
Quality	52	65
Price	16	20
Scheme	8	10
Advertisement	4	5
Total	80	100

*Source: Field survey*

The above table shows the factors which influence customer to buy he product. From the table it is clear that majority of respondent (65%) responded that they are influenced by the quality of the noodles, 20% are influenced by the price, 10% are influenced by the scheme attached with the product and the rest 5% are influenced to buy the product due to its advertisements.

#### **4.1.17 Major findings of the study**

The major findings are listed as below;

1. Majority of respondent 62.5% below age level of 15 years preferred musical advertisement followed by 18.75% good wording and only 6.25%

of respondents preferred simple advertisement. It is clearly show that 12.5% respondent preferred all types' advertisement i.e. musical, good wording and simple. The reaction of the people those who fall in the age group of 16-25 shows that majority of respondents i.e. 56.25% like musical program, 31.25% people like advertisement with good word where as 12.5% people like all types of advertisement and no one likes simple advertisement In the age group between 26-35, 46.75% prefer advertisement with good word followed by 35.7% respondent who like musical program. Among the age group of 36-45, 56.25% prefer good wording and 31.25% like musical program. 47.5% people above 45 years like musical advertisement followed by 38.75% people who likes advertisements with good words.

2. In context to literacy wise preference on advertisement, it is found that most of he lower educated respondents proffered musical advertisement. 68.75% of people below S.L.C prefer such program and 56.25% like musical advertisement. In the contrary 50% of the graduate people give priority to good wording like wise 56.25% people above graduate level like advertisement with good wording and almost half i.e. 31.25% prefer musical advertisement. It is found that most of the uneducated people (62.5%) give more priority to musical advertisement.
3. It is found that 50% male respondent prefer musical advertisement followed by 37.5% who prefer advertisement with good word. In context of female respondent majority of them (62.5%) love musical advertisement which clearly shows that female consumer more attracted by the musical advertisement then the advertisement with good word.

4. This study have found that majority of people (80%) have the habit of watching and hearing of advertisement. The percentage of women respondent of watching and hearing advertisement is little bit higher then the male respondent which shows that female are more conscious about advertisement.
5. Considering the reaction of consumer on advertisement majority of people below 15 years are found to be passive audience. 50% among the age group of 16-25 are conscious about the meaning, 56.25% between the age group of 26-35 are excited about the advertisement and 43.75% between the ages of 36-45 are found to be conscious about the meaning of advertisement and people above 45 years have not much curiosity about advertisement. It is found that 56.25% respondent above 45 years is just mere audience.
6. The educations wise reaction on advertisement shows that majority of uneducated people are particular on meaning of advertisement. Among the graduate and above graduate people 56.25% and 62.5% respectively just want to know the meaning of advertisement and 31.25% jus watch the advertisement trying to get nothing from it. Like wise, people among S.L.C and bellow S.L.C level are mostly found to be dull audience. More then 50% of them just watch the advertisement and gain nothing from it.
7. The situation of gender wise reaction to advertisement shows that 77.5% female are concerned with the meaning of advertisement where as, 72% male are concerned with the meaning .From the above data, it can be concluded that female respondents seems to be or concerned with the meaning of advertisement than male.

8. The result regarding the effect of advertisement on consumer purchasing decision shows that 50% people purchase it due to their need not because of advertisement. 6.25% people only think that the advertisements induce them to buy the product whereas 43.75% of the people support both the reason. So, these studies have found that most of the people buy the product because they need them but it is very true that some percentages of people are attracted towards the product due to its regular advertisement.
9. The study has found that majority of people (81.25%) prefer frequently advertised product whereas only 18.75% people prefer not advertised product which shows that a product needs frequent advertisement in order to run successfully.
10. In context of means of advertisement majority of people prefer television then other means of advertisement like newspaper, magazine, radio etc. which clearly shows that television plays a crucial role in advertising.
11. In relation to repeated advertisement it is found that more than 50% consumers are attracted by the repeated advertisement. So, the studies have found that repeated advertisements are fruitful to lure consumers.
12. Majority of people (81.25%) want some more information to be added in advertisement which shows that advertisement is not able to fully satisfy the consumer opinion towards advertising.
13. It is found that 85% people give preference to advertised product in spite of the substitute product with same price and quality which shows that advertising is a life blood for every product.

14. In context of impact of advertisement on customer 81.25% responded that advertisement play good role to give positive impact about the product.
15. Majority of people have given their opinion that advertisement have had them to recall the brand's name but they purchase decision doesn't fully depend on advertisement.
16. Advertising of Rum Pum noodles seems to be very much effective to introduce the product to the customer because it is found that 100% of the respondent are familiar with the advertisement.
17. It is found that 65% respondent are influenced by Rum Pum noodles due to its quality which shows that quality is a major thing to influence the people to buy the product but price, skim, advertisement plays equal important role in order to fully influence the people.

## **CHAPTER- V**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

This chapter aims to give an overview of the whole study in best possible concise form. This chapter is organized into three-sub headings (i) summary (ii) conclusions and (iii) recommendations.

#### **5.1 Summary**

Advertising is not a new concept or subject to the businessmen, among students and professionals of marketing. Advertising is a part of life to be born by the consumers. It is hard to find a single product not being advertised.

Each year, advertising becomes more widespread in our society. Promotions in schools, product placement in movies, and corporate sponsorship of major sporting events are just some examples of how advertising seeps into everyday life. Advertising is very widespread. It splashes across newspaper and magazine pages, blurts out from radio broadcasts, comes with the daily meal, interrupts television programming and invades the landscape on signs and billboards. In context of Nepal advertising is widely used by business, government and social organization. The main aim of this study is to find out consumer's preference on advertising, popularity of advertising, effectiveness of advertising and so on.

There are too many research works done to find out what factors make an advertisement effective to sell their objectives, how the advertisements pay back. We had seen lot of research works in national or international levels by students, professionals and businessmen from the perspective or eye of advertisers. There is very rare effort had been made to see the advertisement from the consumers'

perspective, how they feel, behave and react to the advertisement in general and its subsequent effect on their buying decision process?

The researcher has aimed to study the advertising from consumers' perspective. This study aims to understand the consumers' attitude and perception towards advertisement and its subsequent effect on buying decisions. This study "Effects of advertising on buyer's behavior" is done through the data collected from primary source through questionnaire and interview method and secondary source is also used for limited purpose within the scope of present study. 80 questions covering different age, gender, educations are used to collect the information regarding the consumer's view about advertising.

To get insight on the subject matters, for the conceptual clearance, to minimize the likely chance to repeat same works, to rescue from doing the dead in task and the related literature, books, articles and the previous studies in the subject were studied and complete bibliography was maintained.

## **5.2 Conclusion**

In conclusion, consumers have positive attitude towards advertising but they are skeptic on the performance of the product as claimed by ads. Advertising is widely accepted information source to know, remind and update about old and new products. It is clearly seen that majority of the people have the habit of watching advertisement and out of them women are more curious than men in watching advertisement which indicates that advertisement is a popular means to enhance sale of any product. In addition to this majority of people of different age group as well as different educational class and gender prefer musical programs as compared to other types of programs which indicate that musical programs are more popular among the people than any other programs. Likewise, majority of people prefer the product which are frequently advertised rather than the product



hat not advertised frequently although they are of same nature and quality but it is also true that some of the consumer buy the product because of their necessity not due to advertisement.

In context of Rum Pum instant noodles it is found that this noodles have become effective to make consumer familiar about the product but many people are influenced by the quality not only by the advertisement. Thus, it can be concluded that advertising seems play crucial role in enhancing the market of goods manufactured. It is mostly seen that consumers having positive attitude towards advertising, perceived advertising positively and have credibility towards advertising and are more likely to buy advertised products and vice versa

### **5.3 Recommendation**

On the basis of the finding of the study following suggestion or recommendations are recommended:

1. The study shows that majority of respondents of different age group and educational back ground prefer musical program rather then other program so it is essential to the producer and advertiser to make their advertisement in musical form or broadcast advertisement as a musical program.
2. The study shows that majority of the respondents have the habit of watching advertisement and it is more popular with women consumers. So, the advertiser and producer should give preference to the advertisement by focusing more to the women advertisement.
3. The analysis shows that the information included in advertisement are not sufficient and majority of the respondents are willing to get the additional information from the advertisement regarding the various aspects of the product.

Thus, advertise manufactures and producer should include sufficient information so that consumer can be satisfied regarding the matters.

4. The study indicates that most of the consumer prefer advertised product than non advertised product. So it is recommended that manufacturers must advertise their product in order to enhance their sale.

5. In this study it is found that every advertisement has some impact on the consumer. Purchasing decision of the consumers depends on the need of the consumer so advertiser should try to create the necessity of the product by effectively presenting the product through different media.

6. The advertisement of food product is very much effective to leave a positive impact upon consumer regarding the product and majority of the respondent prefer the quality of the product rather than other variables. So, all manufactures of food product should produce a product having good quality and advertise their product effectively which helps to increase their market share rapidly.

# Bibliography

## BOOKS

Aaker, David A., Myres J.G & Batra Rajeev (1996), *Advertising Management*, Prentice Hall of India (P) Ltd. New Delhi.

Agrawal, Govinda Ram (1982), *Management and Marketing for small Business*, M.K. Publishers, Kathmandu, Nepal

Agrawal, Govinda Ram (1999), *Marketing in Nepal*, M.K. Publishers, Kathmandu, Nepal.

Agrawal, Govinda Ram (2002), *Dynamics of Business Environment In Nepal*, M.K. Publishers, Kathmandu, Nepal

Caravens, David W. (1982), *Strategic Marketing*, Richard D. Irvin, Homewood, Illinois

Chaudhary, R.P. (1990), *Advance Marketing*, Timurthy Prakashan, Varanasi

Churchill, G.A. and J. Paul Peter (1995), *Marketing: Creating Value For Customers*, Irvin, USA.

Cunawalla, S.A, Sethia, K.C (1997), *Foundations of Advertising Theory and Practice*, Himalayan Publishing House, Mumbai

Cateora, R. Philip & Graham, L.John (2001), *International Marketing*, Tata McGraw Hill, New Delhi

- Goel, B.S (1996), *Marketing Research for Management students of Various Universities and Institution*, Pragati Prakashan, Meerut
- Koirala K.D. (2000) *Fundamentals of Marketing Decision*, M.K. Publishers, Kathmandu, Nepal
- Kotler, Philip (1986) *Marketing Management Analysis, Planning and Control*, Prentice Hall of India Pvt. Ltd., New Delhi
- Kotler Philip and Armstrong, Gary (1991), *Principals of Marketing*, Prentice Hall of India Pvt. Ltd, New Delhi
- McDonald, M.H.B. (1984), *Marketing Plan: How to prepare thesis, How to use them*, Heinemann, London
- Shrestha, Amuda (1996), *Marketing Management*, Educational Publisher, Kathmandu
- Shrestha K.N., (1993), *Marketing Management: Concept and Strategies*, Nabin Prakashan, Kathmandu
- Shrestha Shyam Kumar (2002) *Fundamentals of Marketing* Book Palace, Kathmandu, Nepal
- Stanton, William J. Etzel; Michale, J. Walker; Bruce J. (2002) *Fundamentals of Marketing*, McGraw Hill

#### **. UNPUBLISHED MASTER DEGREE THESIS**

- Baral, Laxmi Prasad (1998), *Communication Effect of Advertising and Brand Preferences of Instant Noodles*, An Unpublished Master's Degree Thesis, Tribhuvan University.

Khadka, Chhetri, Prakash Bahadur (1990), *The language of advertisement*, An Unpublished Master's Degree Thesis, Tribhuvan University.

Pandey, P.R (1980), *Advertising in Nepal*, An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.

Pokharel, Tulasi Ram (2003), *Problems and prospect of advertising agencies in Nepal*, An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.

Shrestha, R.K. (1997), *The Role of Advertising in Brand Choice and Product Positioning*, An Unpublished Master's Degree Thesis.

Upadhyaya, S.K (1981), *Radio Advertising and its impact on Purchasing acts in consumer goods*, An Unpublished Master's Degree Thesis, Central Department of Management.

## Appendix

### Questionnaire

#### A survey on "Effects of advertising on buyer's behavior"

Dear Respondents,

I am collecting the data concerned with " Effects of advertising on buyer's behavior" with reference to Rum Pum noodles for the research work in partial fulfillment of the requirements for the degree of master of business studies(M.B.S) and it would be great value if you help me in filling up following questionnaires;

Name: -

Address: -

1. What kind of advertisement do you prefer?

a) Musical b) Good wording c) Simple d) All Types

2. Do you generally watch and hear advertisement?

a) Yes b) No

3. What is your reaction when you see or hear advertisement?

a) Try to know what it means

b) Curious about it

c) Just watch it

d) Switch off the radio or television

4. Does repetitive advertisement attract you attention?

a)Yes b) No

5. What product do you prefer?

a) Frequently advertised

b) Not advertised

6. Is it true that advertising helps you to take right decision?

- a) Yes                      b) No                      c) Cannot say

7. Have you seen food advertisement?

- a) Yes    b) No

8. If yes have you seen the advertisement of Rum Pum instant noodles?

- a) Yes    b) No

9. Do you like the advertisement of Rum Pum Noodles?

- a) Yes    b) No.

10. What factors influence you to buy that product?

- a) Quality    b) Price    c) Scheme    d) Advertisement

11. Do you think most advertisement has what it want to say?

- a) Yes                      b) No

12. If an advertisement interests you what do you do?

a) I look for more information

b) What I receive is enough

13. If there are similar kind of product in the market in term of price and quality which product would you choose?

- a) Advertised                      b) Not advertised

14. Have you brought any product after getting information from advertisement?

- a) Yes                      b) No                      c) Cannot say

15. Which types of media would you prefer?

- a) Newspaper
- c) Television
- d) Radio
- e) Pamphlet

16. What suggestion would you like to give to improve the product's feature and schemes being provided from the company? Please mention them.

---

---

---

17. Please tick on the right box,

a)Age:

Below 15  16 – 25  26 – 35  36 - 45  Above 45

b)Marital Status:

Single  Married

18. Would you tell me your educational status?

- a) Below S.L.C
- b) S.L.C
- c) Graduate
- d) Above graduate
- e) Uneducated

19. What type of advertisement you found more effective? Please tick any point.

Informative (first time shouting the scheme)

Reminding (reminding of the product and scheme)

Persuading (convincing customers to take action)



18. How far do you think advertisement can help you in purchasing a product?

- a) Helps a lot                      b) Doesn't help

20. To increase the purchasing decision, which of the following factors would you follow?

Reasonable price .....

Qualitative produce .....

Effective advertising .....

Aggressive sales promotion .....

21. What does u prefer most?

Pre testing (before advertisement and promotions are executed) .....

Current testing (during the execution period) .....

Post testing (after the execution) .....

22. Are you loyal toward and aware of the brand which you buy?

- a) Yes                      b) No

Have you heard the name of noodles "Rum Pum"?

- a) Yes                      b) No

23. Do you think Rum Pum is one of the best noodles in Nepal?

- a) Yes                      b) No

24. Who do you think is the close competitor of your product?

- a) Wai Wai                      b) Rara                      c)Mayos                      d)Yum Yum

25. What is your opinion about the advertisement of Rum Pum Noodle?

- a) Excellent
- b) Good
- c) Bad

26. Mark on the following scale how much you believe in the advertising message delivered to you by sponsor/ companies through various means of advertising?

- a) 100%
- b) 75%
- c) 50%
- d) 25%
- e) 0%

27. Do you think that schemes are important to attract customer towards product?

- a) Very much
- b) Quite important
- c) Indifferent
- d) Not so important
- e) Not important at all

28. What impact does advertising create?

- a) Positive impact
- b) No impact

29. Are you satisfied by the information provided by the advertisement?

- a) Yes
- b) No

30. What do you expect from advertisement?

---

31. Can you give your idea about Advertisement?

---

---

32. Can you list the name of your favorite Advertisements?

---

---

33. What do you think advertisement?

a) It wastes time and money.

b) It is a good way to attract consumer

34. When did you recently buy Rum Pum Noodles?

a) Yesterday          b) Today          c) Week ago

35 Have you brought the product after getting information from advertisement?

a) Yes                  b) No.

36 Have you found any difference between other noodles and Rum Pum noodles?

a) Yes                  b) No

37. If yes, in what term it is different from other noodles?

a) Quality

b) Price

c) Schemes

d) Advertisement

38 Do you think old age people prefer food like noodles?

a) Yes                      b) No

39. If No, can you please explain the reason to dislike it?

---

---

40. Do you buy the product because -----?

a) Advertisement induces to buy

b) Need it

c) Both of them

41. How many hours a day do you watch advertisement?

a) Less than an hour

b) 1 hour

c) Doesn't watch at all

42. Does repetition of Advertisement attract your attention?

a) Yes                      b) No.

43. Do you think advertising enhances sale of product?

a) Yes                      b) No

44. Is advertising popular way to make product popular?

a) Yes            b) No

45. Should the Asian Thai Food noodles company extend its market globally?

a) Yes                    b) No                    c) Cannot say

46. Does advertisement able to communicate right things about product?

a) Yes                    b) No                    c) Not sure

47. How many members in your family love to eat noodles?

---

48. How many of them like to have Rum Pum noodles?

---

49. Can you please give the reason why do they like to have it?

---

---

50. What types of Advertisement you found more effective that result in high sale?

a) Informative                    b) Reminding                    c) Persuading

51. Which factor do you suggest is more important to increase sale of product?

a) Good profit margin

b) Effective advertising

c) Attractive sale promotion

52. How did you know about the noodles Rum Pum?

a) By advertisement

b) Through friends

c) Through family