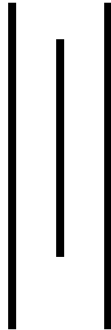


IMPACT OF ADVERTISING ON THE BUYING BEHAVIOR OF THE CONSUMER IN POKHARA

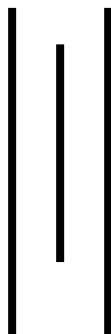


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In partial Fulfillment of the requirement for the Degree of Master of
Business Studies (M.B.S.)

July, 2011

RECOMMENDATION

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"Impact of Advertising on the Buying Behavior of the Consumer in Pokhara"

Has been prepared as in the form as approved by this department in the fulfillment of the partial requirement for the degree of Master of Business Studies (MBS). This thesis is forwarded for examination.

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VIVA VOCE SHEET

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" Impact of advertising on the Buying Behavior of the Consumer in Pokhara"

And found that the thesis to be the original work of the student and written according to prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of Master of Business Studies.

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Finally, I would like to thank my parents and relatives who have directly and indirectly contribute to accomplish the study.

Declaration

I hereby, declare that the work reported in the thesis entitled "Impact of Advertising on the Buying Behavior of the consumer in Pokhara" submitted to Head of Research Department, Prithvi Narayan Campus, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement for the degree of Masters in Business Studies (MBS) under the supervision of Mr. Amrit Shrestha, Associate of Professor of P. N. Campus Pokhara.

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TABLE OF CONTENT

CHAPTER I INTRODUCTION	1-10
1.1. Background of Study	1
1.2. Statement of Problem	3
1.3. Objectives of the Study	6
1.4. Statement of Hypothesis	6
1.5. Signification of the Study	8
1.6. Limitation of the Study	9
1.7. Organization of the Study	9
CHAPTER II REVIEW OF LITERATURE	11-40
2.1. Definition of Terminology	11
2.2. Conceptual Reviews	25
2.3. Review of Previous Studies	35
2.4. Research Gap	40
CHAPTER III RESEARCH METHODOLOGY	41-46
3.1. Research design	41
3.2. Population and Sample	41
3.3. Sample Characteristics	42
3.4. Data Sources	44
3.5. Data collection procedure	45
3.6. Variables and measurement	45
3.7. Tools for Data presentation and Analysis	45
3.8. Pre Testing	46
CHAPTER IV PRESENTATION AND ANALYSIS OF DATA	47-68
4.1. Presentation of data	47
4.2. Test of Hypothesis	64
4.3. Major Findings	67
CHAPTER V SUMMARY CONCLUSION AND RECOMMENDATION	69-72
5.1. Summary	69
5.2. Conclusion	71
5.3. Recommendation	71

BIBLIOGRAPHY

APPENDICES

LIST OF FIGURES

Figures	Page No.
1. Sample By Place	42
2. Sample By sex	42
3. Sample By Age	42
4. Sample By Family Cycle	43
5. Sample By Education Faculty	43
6. Sample By Level Of Education	44
7. Sample By Occupation	44
8. Media Used By Respondents	48
9. Types of Product The Respondents Buy	49
10. Influencer to Buy	50
11. Sources of Information	51
12. The Respondents Need for the Help to Buy the Product	52
13. Reasons for Getting Help	53
14. By Whom The Respondents Prefer to Take Help	54
15. Products The Respondents Bought Better In Quality Than Other	55
16. Substitute of The Respondents Choice Products	55
17. Reasons That Show choice Products Better then Substitute	56
18. The Respondents Idea About Advertising	57
19. General Perceptions of Respondents Towards Advertisement	58
20. Product Bought By Only Viewing The Advertising	58
21. Product Awareness of Respondents From Advertisement	59
22. The Respondents Interest In The Advertisement	60
23. Rating of Favorites Advertising	60
24. Advertisement of Substitute Product	61
25. The Respondents Most Choice Advertisement	62
26. The Respondents Expectation In Advertisement	62
27. Response to The New Advertisement	62
28. Factors the Respondents enjoy in Ads	64

ABBREVIATIONS

Abt. : About

B.S. : Bikram Sambat

Hr. : Hour

Rs. : Rupees

T.V. : Television

Ed. : Edition

Pp : Page No.

CHAPTER-I

INTRODUCTION

1.1. Background of 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.

The American Marketing Association has defined advertising as, "any paid form of non-personal presentation and promotion of ideas, goods and services by identified sponsor" (Jain 1991:3). It is a function of marketing that pushes the product in the market for bigger sale. Thus, every successful organization needs to use advertising has become a large complex diversified industry involving many type of specialized functions.

Advertising splashes across newspaper and magazine pages, blurts out from radio broad casts, comes with daily mean, interrupts television programming and invades the landscape on signs and bill boards. Television programming and invades the landscape on signs and billboards. There are many advertisements that still do just to provide information about birth, death, and engagements with little or no intention to persuade, at present is communication intended to promote production service.

Many people use advertising at same time in their life. Some may use it privately while others may use in business. and many people respond to advertisements. They enjoy the choice available to them in every sphere of life (Kotler, 1991:20)

According to Gary and Kotler "Advertising is the non personal communication of information, usually paid for and usually pervasive in nature, about products (goods and services) or ideas by indentified sponsors through various media." Compared to the other form of promotion advertising has a dominant role in any business organization because advertising can touch and influence a large number of consumer at a given time of period. Besides it can be used in many forms, used for a variety and accrued in several media. Advertising fulfills all objective undertaken by promotion. It can substitute for personal selling also.

Without ad promotional strategy of any business organization becomes less effective and most often, ineffective. Thus the role of advertising cannot be ignored in the business world. Each year, advertising becomes more widespread in our society.

Advertising 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 relation", 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. 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 is 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 advertisements in any of our publications. There has not only been an increase in the number 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 difference in the two terminology- buying behavior and decisions- though 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 domain role in any business organization. Advertising can touch and influence a large number of consumers at given 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 cannot be ignored in the business world.

1.2 Statement of Problem

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 influence 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 formation of a strategy of consumer attitudinal change.

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 variable, 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 predisposition 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 workings of advertising, in terms of this model.

Several attitude-based of 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 as product as a result of advertising.

This process is illustrated below:

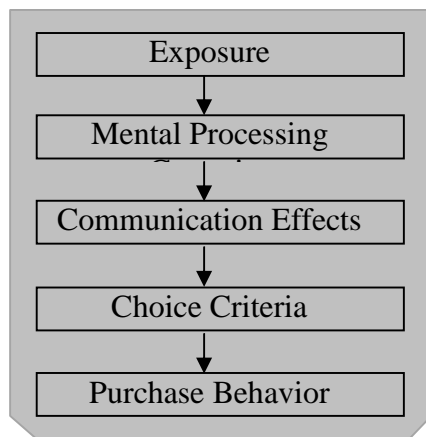


Fig. 1.1. Consumer Decision Process

Advertiser 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 relevance with respect to people's interest 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 characteristics (choice criteria area 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 nature 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 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 decision and also try to find out the answers of following research questions.

- ↪ Is there any relationship between consumers' attitude towards advertising and buying decision?
- ↪ Does consumer's credibility towards advertising lead positive buying decision?
- ↪ What factors affect consumer buying decisions process?

1.3 Objectives of the Study

The main objective of the study is to understand the advertisement and its impact on the buying behavior of the consumer. The subsidiary objectives of the study are:

- ↪ To find out the relationship between consumers' attitude towards advertising and buying decision?
- ↪ To understand the consumers' credibility towards advertising and its effect on buying decision?
- ↪ To get insight about the factors affecting consumer decision process?

1.4 Statement of Hypothesis

Hypothesis is the supposition or guesses which may be true or false to be proved. It is a question that needs to be answered or proved. A hypothesis is a tentative generalization, the validity of which remains to be tested. It is a proposition, which can be put to test to determine validity, Goodge and Hatt (1952). Hypothesis is a conjectural statement of the relationship between two or more variables, Fred N., Kerlinger (1986). This study is mainly focused to find out the relationship between psychological variables attitude and credibility of consumer towards advertisement

(Independent variables) and consumer buying decisions (dependent variables). To find out this relationship researcher will test the hypotheses and conclusion about main hypothesis will be made on the base of the result. The proposition of hypothesis are stated below:

↪ **Hypothesis I**

Null Hypothesis, H_0 = There is no relationship between consumer's attitude towards advertising and buying behavior.

Alternative Hypothesis, H_1 = There is relationship between consumer's attitude towards advertising and buying behavior, i.e., Consumer's positive attitudes towards advertising produce favorable buying behavior and vice versa.

↪ **Hypothesis 1.1**

H_0 = There is no relationship between liking of advertisement and buying behavior.

H_1 = There is relationship between liking of advertisement and buying behavior, i.e., who likes to look at advertising is preferred to buy advertised products and vice versa.

H_1 = There is relationship between advertising annoyance and buying behavior, i.e., who thought advertising is way to annoying, has low preference to buy advertised products and vice versa.

↪ **Hypothesis 1.2**

H_0 = There is no relationship between viewing the product and buying behavior.

H_1 = There is relationship between viewing the product and buying behavior, i.e., who thought negatively on performance viewing the product have less preference to buy advertised products add vice versa.

↪ **Hypothesis 1.3**

H_0 = There is no relationship between idea about advertising and buying behavior.

H_1 = There is relationship between idea about advertising and buying behavior.



Hypothesis 2

H_0 = There is no relationship between consumer's credibility towards advertised products and buying behavior.

H_1 = There is relationship between consumer's credibility towards advertised products and buying behavior, i.e., consumer's and vice versa.

To conclude about above hypothesis two sub hypothesis are proposed. They are stated below:



Hypothesis 2.1

H_0 = There is no relationship between belief on advertisement and buying behavior.

H_1 = There is relationship between belief on advertisement and buying behavior, i.e., who believe on advertising claims, has likely to prefer to buy advertised products and vice versa.



Hypothesis 2.2

H_0 = There is no relationship between advertised products are qualitative than non-advertised products and buying behavior.

H_1 = There is relationship between advertised products are qualitative than non-advertised products and buying behavior, i.e., who thought advertised products are qualitative than non-advertised products, has likely to prefer to buy advertised products and vice versa.

1.5 Significance of the Study

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 process. 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 consumer's 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.

1.6 Limitation of the Study

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.

- ↪ This study is done in Pokhara and lekhnath.
- ↪ This study is based on judge-mental sampling.
- ↪ The study is limited in nature due to time limitation.
- ↪ This study is only based on the certain sector of the community.
- ↪ It is based on secondary data, which is supported by primary data.

Though there is some limitation cautions use of work is recommendation and it will beneficial to the users.

1.7 Organization of the Study

This study is organized into five chapters, i.e., (i) introduction, (ii) review of literature, (iii) research methodology, (iv) presentation and analysis of data and (v) summary, conclusion and recommendations.

The first chapter consists background of the study, statement of the problem, statement of hypothesis, significance of the study, limitation of the study and chapter scheme.

The second chapter consists definition of terminology, conceptual reviews and review of previous studies.

The third chapter consists the research design, population and sample, sample characteristics, data sources, data collection procedure, variable and measurement, data presentation and analysis tools and pre testing.

The forth chapter contains data presentation in graphs, correlation analysis and test of hypotheses.

The fifth chapter consists of summary, conclusions and recommendations. Besides these chapters, Bibliography and Appendices have also been prepared at the end of the thesis.

CHAPTER-II

REVIEW OF LITERATURE

Advertising is not a new idea. 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 consumer's perspectives. In this study a researcher pay little effort to study advertising from consumer's perspective. The researcher tries to find 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 no 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 these objectives, the studies 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

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 (Leon G Shiff 1998).

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

According to American marketing Association advertising is any paid form of non personal presentation of goods, services or idea for action , openly paid for by an identified sponsor (Koirala, KD (2000).

The first prize-winning definition in 1932 a competition sponsored by Advertising Age is "Dissemination of information concerning ad idea, service, or product to

compel action in accordance with the intent of the advertise", 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 by 'word' of mouth is probably the earliest form of advertising, because oral skills were developed before reading and writing. Advertising was given the commercial status the day man entered into the process of exchange"(Agrawal; 2000:35).

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 as 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 action to the targeted consumers.

2.1.1.1 Specific Reasons for Advertising

The primary reason for advertising by any organization is to promote the sale of a product or service. However there are many special and specific reasons for advertising. Following are some specific reasons for advertising:

- ❖ To announce a new product or service
- ❖ To expand the market to new buyers
- ❖ To announce a modification
- ❖ To announce a price change
- ❖ To announce a new pack
- ❖ To make a special offer
- ❖ To invite inquires
- ❖ To sell direct
- ❖ To test a medium

- ❖ To announce the location of stockiest
- ❖ To obtain stockiest
- ❖ To educate consumers
- ❖ To maintain sales
- ❖ To challenge competition
- ❖ To remind
- ❖ To retrieve lost sales
- ❖ To please stockiest
- ❖ To please the sales force
- ❖ To recruit staff
- ❖ To attract investors
- ❖ To export
- ❖ To announce trading results

Announcing a new product or service usually means a costly and dramatic launch. To create a market for a product is not an easy job. The buying public is conservative, skeptical and is hard to shift from established habits. The advertising has to be bold, dramatic, persuasive and convincing to promote something new. A long term campaign of advertising is required instead of a solitary big splash. The advertising should be persistent and insistent for the new product to create the market.

Manufacturers also use advertising to expand the market to new buyers. Since, the products already have 'some' market; the advertising is likely to have greater impact. People are frank jerkins, advertising already aware of the products. The products have already been proved in professional, commercial or some other accepted use. The advertising used by the advertiser is more persuasive rather than informative in this case.

An existing product is sometimes modified. It may be given a 'face lift' with an additive, a new finish or casing such as a new pack or container etc. The product is advertised to announce a modification with an attempt to revive the sale of a product because of competition.

Advertisement announcing a price change is more common form. We can see many examples of these types of advertisements during festival festive discounts and hence change in price.

Some advertisements announce a new pack sometimes; a manufacturer may update a very old-established and probably old fashioned container. At that time, it is necessary to promote the product to assure the consumers that the product is the same or better in quality. Consumers may suspect that a new pack means a different or inferior product so the new pack is announce through advertisement assuring the consumers about the quality product.

For various reasons such as competition, slack season, the business houses may plan to give special offers need to be advertised. For example, Buddha Air announcing mileage card system offers to their regular clients traveling some sectors.

Some manufacturers advertised to sell direct while other advertise to test a medium. The advertising objectives or reasons for advertising differ as per the advertisers' requirement. The other objectives of advertisements can be to educate consumers, to announce the location of stockiest, to challenge sales, to maintain sales etc.

2.1.1.2 Types of Advertising

Advertising can be divided into two broad categories (a) consumer advertising and (b) trade advertising. Consumer advertising is the type of advertising which is directed at the public where as trade- advertising is directed at wholesalers or distributors who resell to the public.

Consumer advertising can be further divided into national advertising and local advertising. National advertising is directed at consumers throughout the entire country. This type of advertising usually aims to create awareness among the public of a product or service, or it tries to build loyalty to a product or service. Local advertising aims to inform public in a particular area where they can purchase a product or service. Advertising to the public also take the form of institutional advertising, product advertising, image advertising, cooperative advertising or informational advertising.

Rather than trying to sell a specific product, institutional advertising seeks to create a favorable impression of a business or institution. It is designed solely to build prestige and public respect. For non-profit institutions, such advertising helps support the institution's activities i.e., by encouraging blood donations or cash contributions for the work of an organization like the Red Cross. However, for profit earning business intuitions, advertising support to promote the product and quality for their consumers.

2.1.1.3 Methods of advertising

Medium is the instrument or the way through which the advertisements are put before the public. It is the vehicle that carries the messages to the right readers, viewers, listeners or passersby. In advertising agencies there are media planners and media buyers who are highly experienced experts. The media owner exploits the advantages of their media in order to sell air-time, space or sites.

One of the functions of advertising is to select medium from among the available alternatives that will maximize the number of people reached and the frequency with which they are reached. The advertisers must first set the target market they want to reach and then they must decide

- a) The desired frequency of the message exposure in order to effect the change in behavior that will affect the sales of their brand
- b) The maximum number of the people in the' target market that can be readied with the desired frequency. The greater the frequency desired, the smaller the reach obtainable with a given budget.

The media selection is a complicated process because not only is it necessary to choose among major media types, such as television, radio, newspaper, but also specific selections must be made within each general type. For instance, if magazines are chosen, specific magazines and even issues must be selected.

Similarly, in case of radio and television, there is hot only the question of what networks or stations, but what programs, what day or days of the week, time etc. to be considered as well.

The classification of different mediums into different groups differs from author to author. The eastern concept and the western concept of classification are different. For example, author Chunawala with other four authors in their book Advertising Theory and Practice have classified advertising media as broadcast and non-broadcast media. Broadcast media include radio and television where as the non-broadcast media include videos, cables, network, cinemas etc. Besides these media, there is print media which includes newspaper and magazines. These three media are called the "mass media" or "technological media". In addition to these three media, they have explained the outdoor media like hoarding, postures, banners, transit media etc. However, the media can be classified as:

1) Print media

The print media also can be classified in to:

- a) Newspaper, magazines
- b) Other papers

2) Electronic media

The electronic media includes:

- a) Radio
- b) Television
- c) Video
- d) Cinema
- e) Electronic signs
- f) Sky-writing

3) Direct Advertising media

The direct advertising medial is also in four types

- a) Envelop enclosure
- b) Catalogue and booklets
- c) Sales letters
- d) Gift novelties

2.1.1.3 Print Media of advertising

Print media is one of the pioneer media where all the information is in written forms. In today's world of visualization, print media are still preferred more for

advertising. This may be due to its wide reach. Print media can be classified into following categories:

- a) Newspaper: - Daily, Weekly, biweekly
 - Morning edition. Evening edition.
- b) Magazines: - Weekly, Fortnightly, Monthly and Annual
 - Fashion, Women, Sport, Tourism, Geography, Films etc.

a) Newspaper advertising

Newspaper as a mean of communication has become a part of life. It is really hard to imagine life without newspaper. Many people are habitual to start the day with newspaper. "Newspaper is one that gives news, views, ideas, interpretations, opinions, comments and explanations regarding the social, economic, political, educational, moral, cultural, ecological, methodological developments and the like" We can find news and views of different types in the newspaper. There are economical, social, educational, political, moral, cultural, ecological etc. news and comments in newspapers.

Newspaper has been one of the largest media used to advertise the product, service or idea. It is estimated that 45% of the space in the newspapers is used for advertisements. It has continued to remain the most powerful message carrier. The role of newspaper as an advertising medium is increasing day by day and it will go on increasing with the development in the business field.

Newspapers are printed and circulated based on many aspects. They may be classified according to the coverage (area), frequency, language etc. The habit of reading newspaper among people is increasing day by day. As such the advertisement in the newspaper is receiving favorable response from the prospective customers. Newspaper as a medium of advertisement still occupies the first position in the American business society. It is said that every newspaper is read by at least three readers.

b) Magazines advertising

Magazines are the periodicals, which may be published weekly, fortnightly, monthly, quarterly or annually. Usually, magazines are printed in better quality papers with good articles. It is read at leisure time. It can be either special or

general interest magazine. Special magazines are the type of magazines which are specialized in one particular field. Examples of such magazines are sports magazines, fashion magazines etc. whereas general magazines cover a lot of areas. They include variety articles on different subjects. One example of such magazine is "Reader's digest". "The chief advantages of magazine advertising are: the manner in which magazines select their audiences/ simultaneous, uniform coverage of the entire nation; thoroughness with which the magazine is read; covered with its longer life and its multiple areas. Opportunities offered the advertiser to reproduce in life like fashion, full, so or if he chooses, his products in use and its consumer advantages; and completeness of presentation" There are some disadvantages of magazine as well.

2.1.1.4 Radio advertising

Radio is one of the most popular media that reaches to ear of mass public. There are usually two types of radio broadcasting i.e., FM and AM. FM is frequency modulation in which signals are received with great regularity and with clear sound.

Whereas AM is amplitude modulation in which sound wave length varies in size though the frequency remains constant.

"Advertising is carried on in radio either by the use of short commercials, also known as 'spot advertising' or by the use of sponsored programs. In spot advertising, short advertisements of the duration of a few seconds are introduced as a part of the usual broadcasting programs. The advertisements may consist of jingles, dialogues, and opinions of well known personalities or such other advertisements. Sponsored programs going on for fifteen minutes or more may be prepared by advertisers, for combining a popular program with advertising."

In a country like Nepal, advertisement through radio can have a great impact on the prospective buyers because other media like television and newspaper cannot reach to the remote place. Due to the lack of electricity and the expensive cost of the Television sets people from remote places are deprived of it. On the other hand, due to the high illiteracy rate in villages, press, media cannot provide the necessary impact on the prospective buyers.

Radio broadcasting first started on the United Kingdom and spread to the other countries. In Nepal, Radio Nepal was established on 20th Chaitra, 2007 B.S.

2.1.1.5 Television advertising

Television is one of the most powerful media in today's world. It is the latest medium of mass communication and is now extensively used for advertisement.

The invention of television was a lengthy, collaborative process. An early milestone was the successful transmission of an image in 1884 by German inventor Paul Nipkow. His mechanical system, known as the rotating disk, was further developed by Scottish scientist John Logie Baird, who broadcast a televised image in 1926 to an audience at the Royal Academy of science in London. However, television becomes popular by 1950s in America and within a decade it was spread over to European countries, Canada, Australia and Japan. It gains popularity in Nepal much later. "Television broadcasting in Nepal started on regular basis on 2041 B.S. (1985). Television broadcasting services of Nepal Television (NTV) which started with limited resources, now broadcast its program for 114 hours a week basis through its 3 studios, regional program production and broadcast center in Kohalpur (Bankke) and Murtidanda (Ham), Nanijedanda Bhedetar (Dhankuta), Jaleshwar (Mahotarri), Hetauda (Makwanpur), Daunne (Nawalparasi), Pulchowki (Lalitpur), Kakani (Nuwakot), Sarangkot (Kaski), Tansen (Palpa), Butwal (Rupandehi), Harre (Surkhet) and 11 broadcast centers in other locations in the kingdom. It is estimated that about 47% of the population living in 32% of area of Nepal can watch the programs of Nepal television (NTV). Programs to increase broadcasting capacity and extending reception area coverage are underway." (AAN news bulletin; 2004:35)

Television as a medium of communication uses a scientific synchronization of sound, light, motion, color etc. Because of these dominant characteristics of television, television advertising is gaining popularity day by day .Fifteen years ago when the Nepal Television (NTV) began its first transmission there was hardly one minute of advertising in a two hours transmission. Today, the Nepal Television (NTV) has an average of 16 minutes 30 second of advertising per day of transmission.

2.1.1.6 Advertising as a part of marketing activities

Marketing consists of activities that facilitate exchanges such as selling, buying, product planning, production, branding, pricing, packaging, advertising, sales promotion etc. For an exchange to happen, four conditions must be satisfied. Firstly, there must be two or more individuals, groups or organization. Secondly, each party must have something of value to exchange with other party.

Thirdly, there must be willingness on part of one party to give up its "something of value" in exchange for the "something of value" held by the other party. This something of value can be product, service or idea or it can be financial resources like money or credit. Lastly, there must be communication between the two or more parties.

Advertising is one of the components of marketing. There are four Ps in the marketing mix i.e., product, place, promotion and price. Advertising falls under promotion mix.

The common characteristic of all marketing activities is that they are performed to achieve the common goal of increasing the sales of product, service or an idea. The Marketing activities are distinguished from each other on the basis of the methods they use to accomplish this common goal. For example, sales promotion uses the short term incentives to encourage trial or purchase of product or service where as direct marketing uses telephone mail and other non-personal contact tools to communicate with specific customers and prospects. Personal selling use the method of face to face interaction with one or more prospective purchasers to facilitate the sale of product or service where as public relations and publicity uses a variety of programs in order to promote the company's image or its individual products. In contrast to all this, advertising uses various mass communication non-personal media like television, radio, newspaper etc to present and promote the ideas, goods or services to the target market.

2.1.1.7 Advertising and personal selling

"When a persuasive communication is directed toward a single individual, it is an act of salesmanship. When it is directed towards a large group of individual it is called advertising."

This definition distinguishes the advertising and personal selling on the basis of number of individuals to whom the communication is directed. However, there are some striking differences between personal selling and advertising. Some of these are as follows:-

1) Non-personal communication

Unlike personal selling, in advertising a company communicates with its target consumers through non-personal media. Personal selling involves an interactive relationship between two or more persons. As a result, customer's immediate reaction to the communication can be seen and the sales person can make immediate adjustment on the spot.

2) Paid but independent media

Personal selling and advertising both are paid form of communication. The difference is that the salesmen are a company's employ but advertising media are not. Media are engaged only on a task/assignment basis. As soon as the assigned task of communicating the message is over, the media get disengaged and work independently.

3) Objective

The objective of advertising is usually to create a favorable impression towards the advertised product or service so that the consumers are prepared to receive the message through personal selling and buy the product.

4) Audience

Unlike personal selling, in advertising the message is directed towards a broad spectrum of consumers. In personal selling, consumers are approached individually.

5) Intensity of communication

Personal selling is more intensive in the transactional phase, whereas advertising is relatively more intense in pre- and post- transactional phases. In the former, advertising develops consumer's favorable predisposition while in the latter it prevents or dilutes past-purchase dissonance." Personal selling also makes the buyer feel more obliged to listen to the sales talk. The buyer responds to the salesperson even if the response is simply "Thank you".

1.2.8 Advertising and sales promotion

Sales promotion involves marketing activities, other than advertising, publicity, or personal selling that increases sales and dealer effectiveness. The forms of sales promotion include trade shows, demonstrations, samples, contests, coupons, rebates etc.

According to American Marketing Association "Sales promotions are those marketing activities other than personal selling and publicity that stimulate consumer

Purchasing and dealer effectiveness such as displays show and expositions and various non-recurrent selling efforts not in the ordinary routine."

Sales promotion tools are generally short term measures which are designed to stimulate quicker and greater purchases of products or services by consumers or traders. Sales promotion is also called as aggressive selling". The major differences between advertising and sales promotion are as follows:-

1) Management Perspective

In sales promotion, the management's perspective is relatively short term for example, arrest of declining sales or facilitating new product purchase where as in advertising, management's perspective may be both short term and long term. For example, the long term perspective may be to build up the company image with no immediate increase in sales.

2) Media

There is a vast difference between the media of communication in advertising and Sales promotion. Sales promotion tools includes coupons, contests, premiums, prizes, product samples and the like where as the advertising media include audio-visual, press, outdoor etc.

3) Timing

"Although advertising and sales promotion are used as communication media in all the three phases of transactions, advertising is more pronounced in pre- and post-transaction phase where as sales promotion is more pronounced in the transaction phase. Thus, sales promotion serves as an important adjunct to selling." Sales promotion invites the buyers to engage in the transaction now. Sales promotion

provide incentive to the consumers to buy the product which result in immediate sale.

4) Frequency

Sales promotion is less repetitive and frequent than advertising. Advertising is more repeated as its impact is long-term and cumulative where as sales promotion is conducted when certain objectives is to be achieve for example, by offering product samples to introduce new product.

1.2.9 Advertising and Publicity

Publicity is another medium of communication through which a company makes known its target consumers about its product, service or an idea. It has been defined by the American Marketing Association as "non-personal stimulation of demand for a product, service or business unit by planting commercial significant news about it in a public medium or obtaining favorable presentation of it on radio, television or stage that is not paid for by the sponsor."

As publicity is not paid for, its appearance is not always certain and its presentation is not programmed. The major advantage of advertising over publicity is that the advertiser can control their advertisement about the product or service or idea as he pays the media for the time' or space. Advertiser is also guaranteed about the transmission of the message. However, publicity has some advantages too. Publicity as a medium of communication is often used by companies because of its effectiveness in transmitting the desired message, generating sales and achieving other objectives. Many companies often feed to the press slanted stories and features of sponsors which lends credibility to the message. This arouses interest in consumers who are otherwise indifferent to advertisements.

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.I. 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 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 processes 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 (Chunawala, S.A. Sethia, K.C. 1997).

2.1.3 Consumer Buying Behavior or Decisions

Behavior is a positive or negative reaction made by individuals towards some objects, or an idea that he/she sees, feels, experiences or confronts etc. Behavior of an individual is guided by several factors. Any shown reaction is the combination of several factors influences to react in 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 purchase?

What are the changing factors in 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 firm's 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) 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

Awareness → Consideration → Reaffirmation → Confirmation → Action → 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 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 consumer's 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 here is where advertisers want to establish a connection with the consumer. 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 message 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 an 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 consumer's decision making. This consideration and reaffirmation occurs as the consumer is bombarded with competitor message 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 his 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) - difference between the desired state and the actual condition. Hunger stimulates your need to eat. Can be stimulated by the marketer through product information-did not know you were deficient? I.E., 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 evaluating features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy 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*-- Chose buying alternative, includes product, package, store, method of purchase etc.
5. *Purchase*-- May differs from decision, time lapse between 4 & 5, product availability.
6. *Post-Purchase Evaluation*-- outcome: Satisfaction or Dissatisfaction. Cognitive Dissonance, have you mad 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. Importance and intensity of interest in a product in a particular situation.

Buyers' level of involvements determines why he/she is motivated to seek information about a certain products and brands but virtually ignores other. High involvement purchase - Honda Motorbike, high period good 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--buying product occasionally. When do you need to obtain information about unfamiliar brand in a familiar product category, requires

a moderate amount of time for information gathering. Examples include clothes-- know product class but not the brand.

High degree of economic/performance/psychological risk, examples include 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

Need 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 choose 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 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.

Ability and Knowledge

Need 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 re: product.... free sample etc.

When making-buying decisions, buyers 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.

Non-alcoholic Beer example; consumers choose 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 consequence of past behavior.

Attitudes

Knowledge and positive and negative feelings about an object or activity-maybe tangible or intangible, living 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.

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 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, Mc.Donalds, Gatorade etc.) Can be risky ... Michael Jackson... OJ Simpson ... Chevy Chase

Role and Family Influences

Role... things you should do based on the expectations of you from your position within a group. People have many roles.

Husband, father, employer/ee. 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 that: May 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 as 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... me

Full nest I, youngest child under 6

Full nest II, youngest child 6 or over

Full nest III, older married couples with dependent 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

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.

Families, friends, sororities, civic and professional organizations

Any group that has a positive or negative influence on a person's attitude and behavior *Membership groups* (belongs 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...!!

Aspirating 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 in the world, there is no classless society. Occupation, education, income, wealth, race, ethnic groups and

possessions and social class influence 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 a 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 an consumer behavior. All operate within a larger culture.

Culture and Sub-culture

Culture refers to the set of values, ideas, and attitude 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 consumer greater satisfaction (Shiffman, Leon G. 2000).

2.3 Review of Previous Studies

The research on "**Advertising Reaction Study**" was conducted by Dynamic logic, 3 Park Avenue Floor 37 New York. The study, which was conducted through an online survey, aimed to measure the following three genera topics:

General consumer attitudes towards online advertising

Perceptions of different forms of online advertising

How pop-ups compare to various forms of offline media

The number of pop-ups appropriate to keep content sites free to consumers.

Consumer attitudes towards advertising in times of war

The following were the findings of the study:

Banners generate the most favorable opinions

Consumers feel advertising is necessary to keep sites free, even if the ads are distracting.

Pop-ups on par with TV ads ad Direct Mail in their desirability.

Consumers will accept limited number of pop-ups to access preferred and free online content.

Consumers provide strong support to advertising during the periods of war and expect advertisers to be sensitive about the issue.

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

Measures rudimentary response to the advertising impressions.

Measures emotional response to advertising impressions.

Measures active response to advertising impression.

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 advertisement

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 feature highlighted

Experience of an emotional reaction 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 decide.

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

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

Pokharel, Tulsiram (2000), study on **Problems and prospects of advertising agencies in Nepal** had following objectives:

To identify the present status of advertising in Pokhara

To identify the problems faced by advertising agencies in Pokhara.

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

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

To 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 scope of the advertisement agencies in Pokhara.

Shrestha, Rajendra Kirshna (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 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 in **The language of advertisement** had following objectives:

The study was on the linguistics aspect of the advertisement. The study describes the language in advertising. This study is more relevant for the linguistics students.

Giri, (1985), study on **Communication effect of advertising and brand preference of instant noodles** had following objectives:

To analyze the popular media for advertising

Strengths and weaknesses of advertising

Advertising appeal and relation between brand preferences

Advertising qualities of instant noodles

The findings of the study were as follows:

Of all advertising media available in Nepal the radio has proved itself as a leading one to create awareness in customers about the advertised product, especially edible goods like instant noodles. Radio transmission has been accessible to remote areas and most of the people hear radio.

Newspaper advertisement for Rara contributed more to sales than it has been able to for Maggi. The quality of instant noodles have made no changes I 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 of advertising in Nepal.

To find the existing patterns in brands.

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

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

To 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 effect on sales and on profit.

2.4 Research Gap

All of the researchers reviewed above focused on some major point. All of them studied about advertisement responses only. The previous researchers have not pointed out or ascertained various considerations for selecting advertising but this study has been conducted mainly to find out the effective advertising builds upon the knowledge about the individual. The main focus is on the consumer's reaction about the advertising. It will be beneficial directly or indirectly to the advertisers, the agencies related to the media and the business person. Not only limited to them it is crucial to the students of marketing to get insight about the consumer attitudes towards advertisement and subsequent effect on their buying decision process. This study attempts to analyze the impact on consumer buying behavior. It would be a significant step on knowing about the selection of advertisement.

CHAPTER-III

RESEARCH METHODOLOGY

This study attempts to study the impact of advertising towards the buying behavior of consumer of cosmetic product. To get his 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

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).

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 used. It is a sample survey of consumers to make inferences of the study.

3.2 Population and Sample

The population of the study comprised all the consumers of the Pokhara valley and Lekhnath. 400 samples consisting 200 male and 200 female were selected (above 16⁺ age) using judgmental Sampling. Though there are other better probability sampling techniques available, due to the time, cost and limited resources, the research used this non-probability sampling techniques. Proper measure was used to lessen the sampling error.

3.3 Sample Characteristics

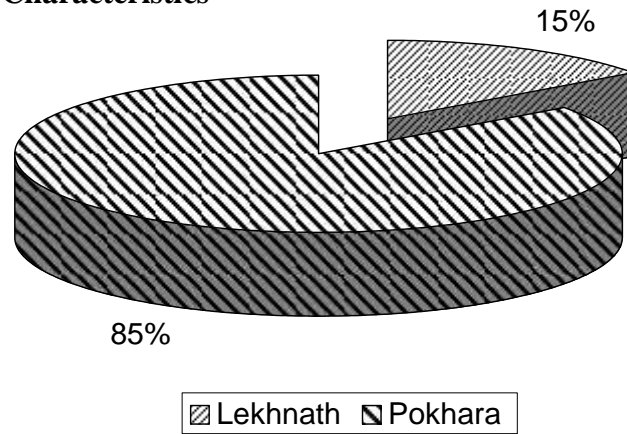


Figure 3.1 Sample by Place

Fig. 3.1 shows that 60 respondents i.e. 15 percent of total sample were selected from Lekhnath and remaining 340 that is 85 percent of total sample was selected from Pokhara

Figure 3.2 Sample by Sex

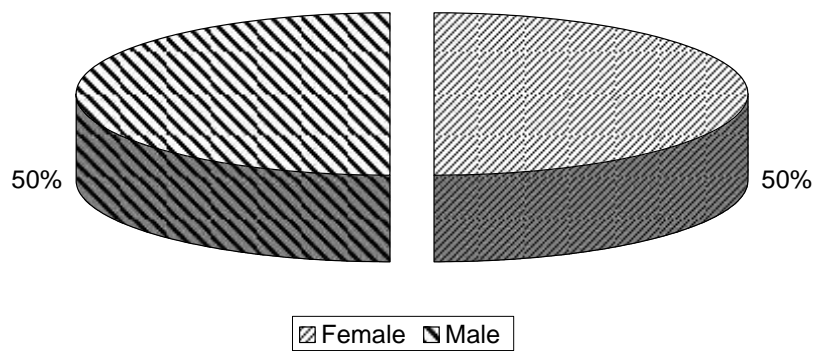


Fig. 3.2 shows the representation of the sample by sex. The equal sample by sex was selected for the study. The sample by sex comprised 200 male and 200 female.

Figure 3.3 Sample by Age

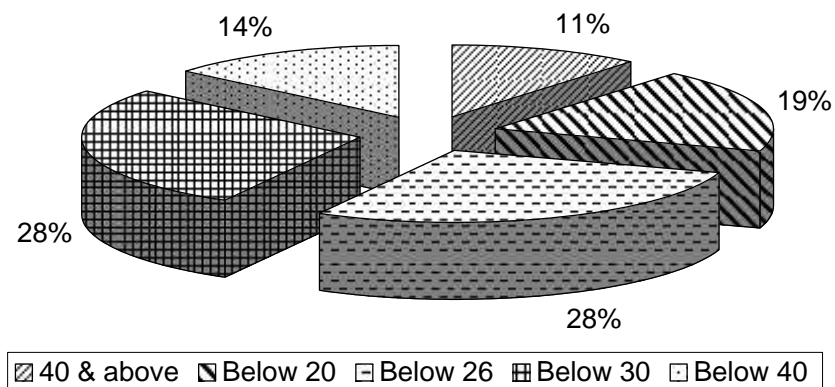


Fig. 3.3 shows the representation of sample by age. The sample was selected above 16⁺ ages. Among 400 sample, 75 samples i.e. 19 percent of total sample below 20, 110 samples i.e. 28 percent below 40 and remaining 45 samples i.e. percent of total samples of age group above 40.

Figure 3.4 Sample by Family Cycle

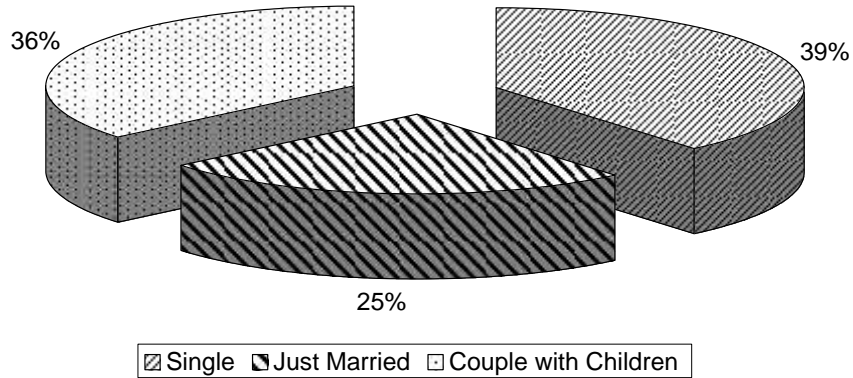


Fig. 3.4 shows the sample by family cycle. The total sample comprised 145 samples i.e. 36 percent from couple with children, 155 samples from single i.e. 39 percent and remaining 100 samples from just married i.e. 25 percent.

Figure 3.5 Sample by Education Faculty

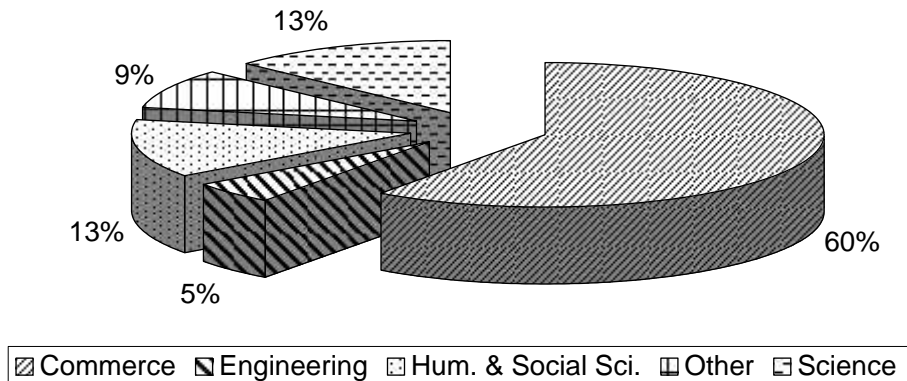


Fig. 3.5 shows the sample by education faculty. The total sample comprised 244 samples i.e. 60 percent from commerce, 52 samples i.e. 13 percent from science, 50 samples i.e. 13 percent from humanities & social science, 18 samples i.e. 5 percent from engineering and remaining 36 i.e. 9 percent from other faculties.

Figure 3.6 Sample by Level of Education

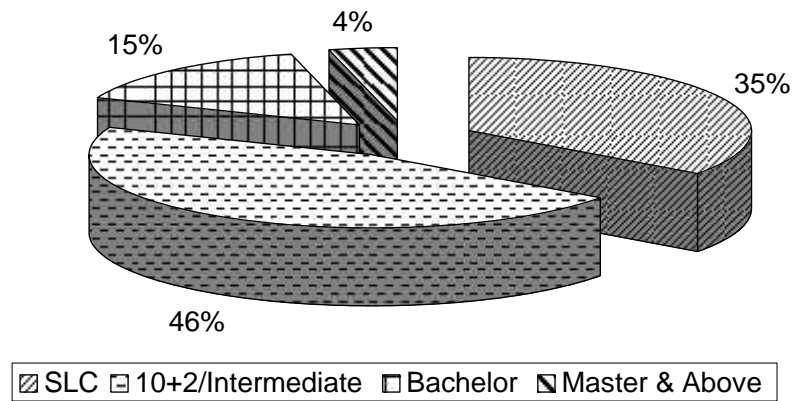


Fig. 3.6 shows the sample by level of education. The total sample comprised 14 samples i.e. 4 percent from SLC, 138 samples i.e. 35 percent from 10+2/Intermdeiate, 188 samples i.e. 46 percent from bachelors and remaining 60 samples i.e. 15 percent from master & above.

Figure 3.7 Sample by Occupation

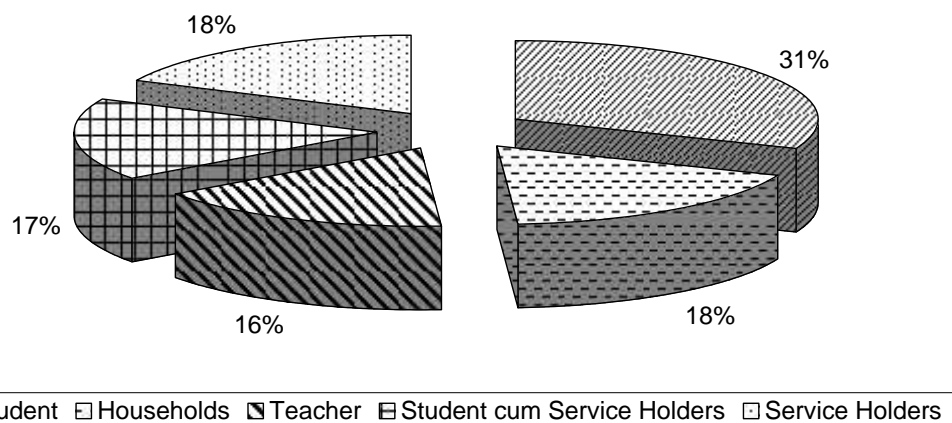


Fig. 3.7 shows representation of samples by occupation. The total sample comprised 127 samples i.e. 31 percent from students, 70 samples i.e. 18 percent from households, 65 samples i.e. 16 percent from teacher, 66 samples i.e. 17 percent from student cum service holders and 72 samples i.e. 18 percent from service holders.

3.4 Data Source

Primary data is the core of this study. The data used in the study for analysis and interpret of variables is purely obtained from a survey on consumers of Pokhara valley and Lekhnath. The data used to draw findings and make

conclusions was fully based on the primary data. 400 respondents' opinion was taken by the structured, multi choice, open-ended and closed questionnaire.

3.5 Data Collection Procedure

Structured questionnaire sent to 500 respondents by mail, e-mail and given through personal contact. Only 410 respondents sent their response and among 410 responses 10 were incomplete and that were excluded from the study. Finally, 400 responses were used for the study.

3.6 Variables and Measurement

55 structured, multi-choices, open-ended as well as closed questionnaires were constructed for data collection. In 55 questions 8 questions were designed to collect the personal information like name, age, sex, education, family life cycle and occupation. And 10 questions were designed to collect the information on factors that affect consumer buying decision process. Another 18 questions were designed to collect the general advertisement response. And 5 questions were kept for cross check the consumer response. 14 questions were designed to collect the data on consumer attitude and credibility towards advertisement and buying behavior.

To collect the required information some variables were measured by single items and some by 5 point Likert type scale and information on attitude and credibility and buying behavior were measured by four point scales i.e. strongly agree, agree, disagree and strongly disagree. In some question respondents were free to choose more than one items.

3.7 Tools for Data Presentation and Analysis

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. To find out the relationship between attitudinal, perceptual and credibility statement and buying behavior Karl Pearson's Correlation Coefficient were calculated and to test the significance of correlation Probable Error were also calculated. To test the hypotheses, Karl Pearson's Chi-Square test was used. To compare the calculated X^2 with tabulated X^2 were taken on the table at 5% level of significance at respective degree of freedom.

3.8 Pre Testing

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

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

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. To give the thorough understanding of this research work this chapter is organized into four different sections (i) presentation of data (ii) correlation analysis and (iii) test of hypotheses (iv) major findings

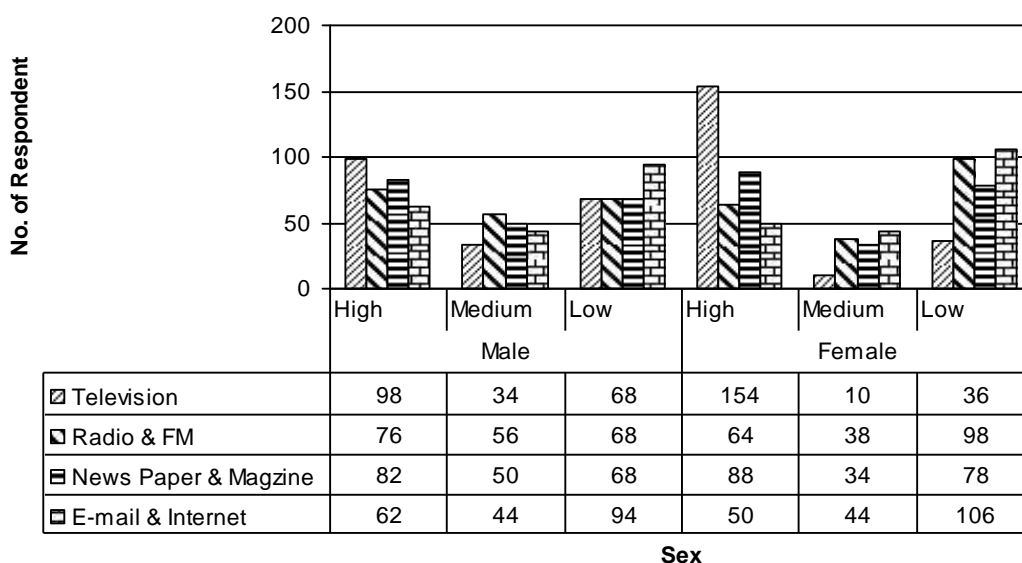
4.1 Presentation of Data

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 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. This section is further divided into two sub-sections (i) factors that affect buying behavior, attitude and patterns of consumers and (ii) consumers' general response towards advertising.

4.1.1 Factors that affect Buying Behavior, Attitude and Patterns of Consumers

The researcher 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. Their responses have been presented in Figure 4.1

Figure 4.1 Media Use by Respondent



The above figure shows that television was highly used by 98 male and 154 female respondents to enrich their knowledge. Similarly, 34 male and 10 female used it moderately, whereas 68 male 36 female used it very low. Radio & FM were highly used by 76 male and 64 female respondents to get knowledge about product and services, moderately by 56 male and 38 female, whereas low by 68 male and 98 female. Newspaper & magazine were highly used by 82 male and 88 female, moderately by 50 male and 34 female, whereas low by 68 male and 78 female. Internet & e-mail were highly used by 62 male and 50 female, moderately by 44 male and 44 female, whereas low by 94 male and 106 female.

The data made it evident that television is mostly used medium for getting knowledge about available products and services in the market. However, the study shows that female respondents used television highly than male respondents. Newspaper & magazine came in the second place. The radio & FM came in the third position and e-mail & internet were still in their infancy and came in the fourth.

The possible reason for these results may be the fact that the study is being based in the city area. Internet & e-mail has short and in the growing stage. The radio & FM is dominated by television, it may be due to the increasing numbers of television channels along with advanced medium with audiovisual facility.

Figure 4.2 Type of Product the Respondents Buy

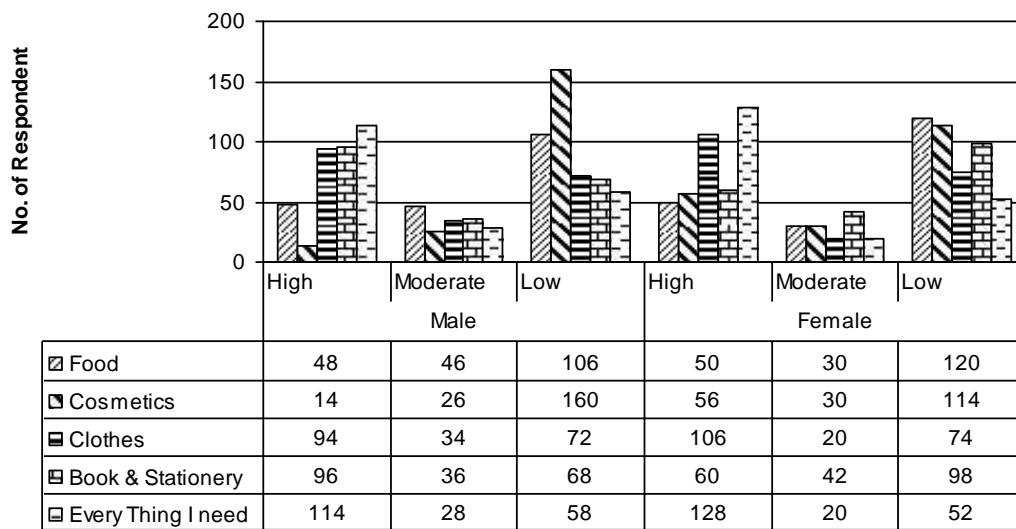
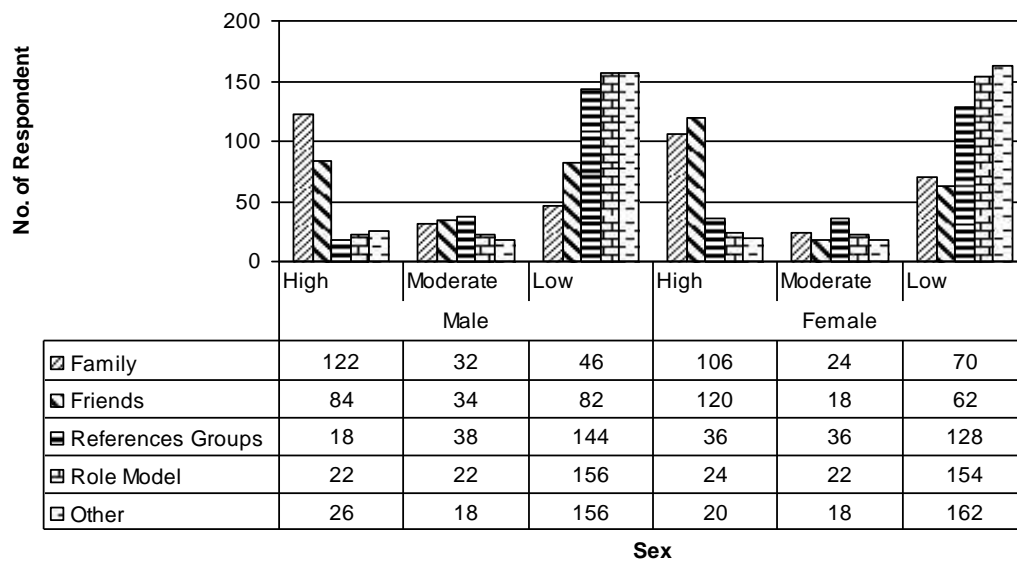


Figure 4.3 shows, food items were highly used to buy by 48 male and 50 female, but it was used to buy moderately by 46 male and 30 female, whereas 106 male and 120 female used to buy it low. Similarly, cosmetics were highly used to buy by 14 male and 56 female, but moderately used to buy by 26 male and 30 female, whereas 160 male and 114 female used to buy it low. Likewise, clothes were highly used to buy by 94 male and 106 female, but moderately used to buy by 34 male and 20 female, whereas 72 male and 74 female used to buy it low.

In the same way, books & stationery were highly used to buy by 96 male and 60 female, but moderately used to buy by 36 male and 42 female, whereas 68 male and 98 female used to buy it low. Likewise, 114 male and 128 female highly used to buy everything they need, but moderately used to buy, everything they need, by 28 male and 20 female, whereas 58 male and 52 female used to buy low.

The data made it clear that most of the respondents used to buy everything they need. But product specific, male mostly used to buy books and stationery followed by clothes, food and cosmetics. Female mostly used to buy clothes followed by books and stationery, cosmetics and food respectively. The possible reason for this may be the sample comprised mostly students as well as most of the respondents were below 30 products, diverse responses have been traced out (Figure 4.3).

Figure 4.3 Influencer to Buy

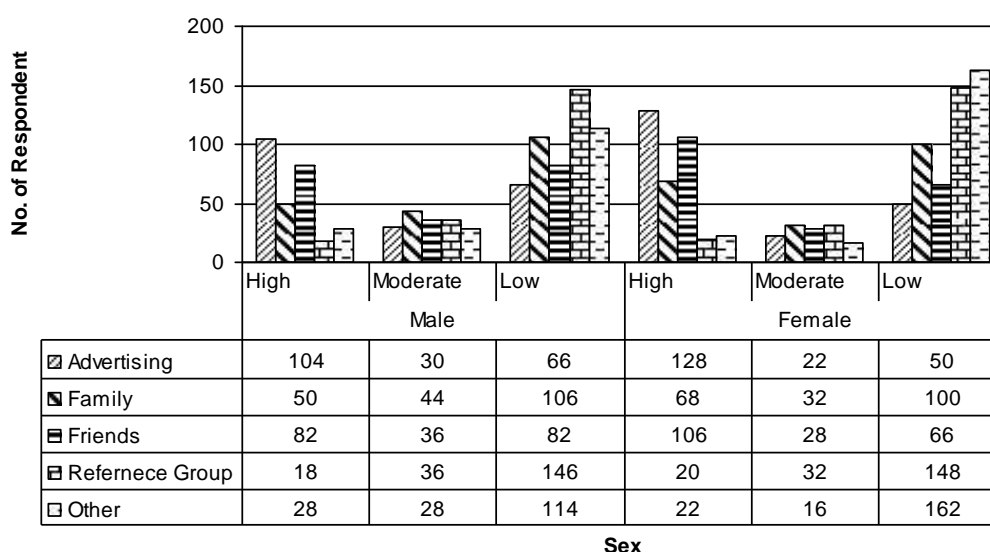


The above figure shows that 122 male and 106 female were highly influenced by family, but 32 male and 24 female were moderately influenced by them, whereas 46 male and 70 female less influenced by family. Similarly, 84 male and 120 female were highly influenced by friends, but 34 male and 18 female were moderately influenced by them, whereas 82 male and 62 female less influenced by friends. Likewise, 18 male and 36 female were highly influenced by reference groups, but 38 male and 36 female were moderately influenced, whereas 144 male and 128 female less influenced by them. In the same way, 22 male and 24 female were highly influenced by role model, but 22 male and 22 female were moderately influenced, whereas they less influenced to 156 male and 154 female. 26 male and 20 female were highly influenced by other factors, but 18 male and 18 female were moderately influenced, whereas other factors less influenced to 156 male and 162 female.

The data made it obvious that family mostly influence buying decisions. Friends came in second place followed by reference groups, role model and others respectively. The possible reasons for the results may be family and friends have close relationships and they believed them a lot.

The researcher also found out the sources of information that the respondents used for the products and services available in the market. Their responses have been presented in Figure 4.4

Figure 4.4 Sources of Information



The figure shows that 104 male and 128 female were highly used to know about product by advertising, but 30 male and 22 female were moderately used to know by advertising, whereas 66 male and 50 female used to know less by it. Similarly, 50 male and 68 female were highly used to know about the product by their family, but 44 male and 32 female were moderately used to know by them, whereas 106 male and 100 female were used to know less by their family. Likewise 82 male and 106 female were highly used to know about the product by their friends, but 36 male and 28 female were moderately used to know by them, whereas 82 male and 66 female were used to know less by their friends. In the same way, 18 male and 20 female were highly used to know about the products by reference groups, but 36 male and 32 female were moderately used to know by them, whereas 146 male and 148 female were used to know less by reference groups. Similarly, 28 male and 22 female were highly used to know about products by other sources, but 28 male and 22 female were highly used to know about products by other sources, but 28 male and 16 female were moderately used to know by it, whereas 144 male and 162 female were used to know less by other sources.

The data clarified that the respondents took advertising as a first source of information for the products. Similarly, friends came in second followed by family, reference groups and other respectively.

The possible reasons for the results may be manufactures mostly used advertising as important means to communicate about products to the targeted consumers.

Nowadays, it is hard to find the single product not being advertised. Similarly, most of the times, friends used to be the first source to know about the new products.

To determine-whether the respondents needed help to buy the products and services this research disclosed that both male and female respondents highly needed such helps.

Figure 4.5 The Respondents' Need for Help to Buy the Product

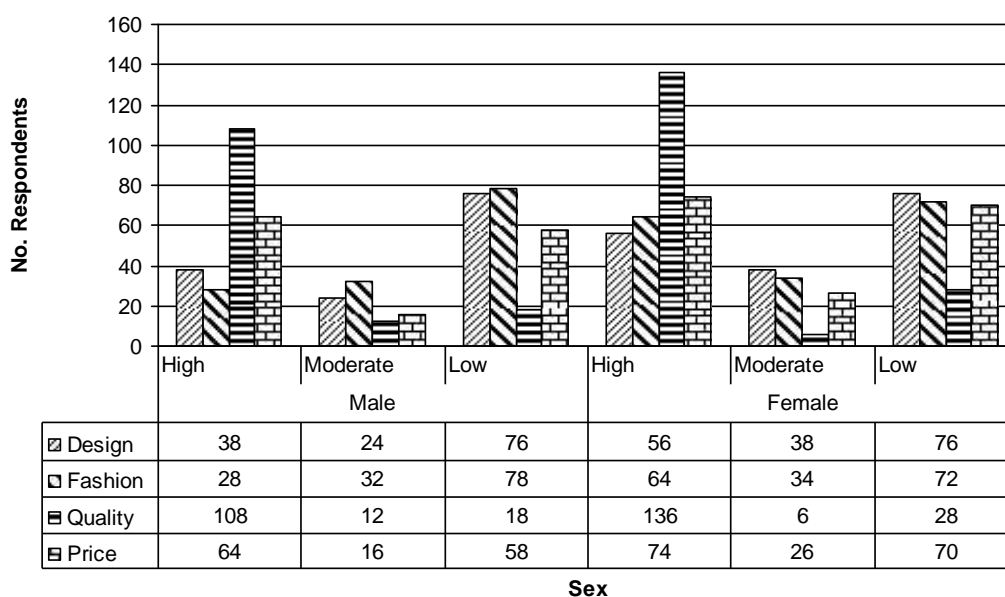


Figure 4.5 clearly shows that 138 male used to take help to buy the products, but 62 male didn't use to take help to buy the products. Similarly, 170 female used to take help to buy the products, but 30 female didn't use to take help.

The data concluded that most of the respondents need help to buy the products. Female respondents used to take help to buy the product more than male respondents. The possible reasons for the results may be male have self-confidence on their decisions than female.

As regards the reasons for getting help to buy the products, this research reflected four responses among which product design, fashion and price remained equally important (Figure 4.6).

Figure 4.6 Reasons for Getting Help

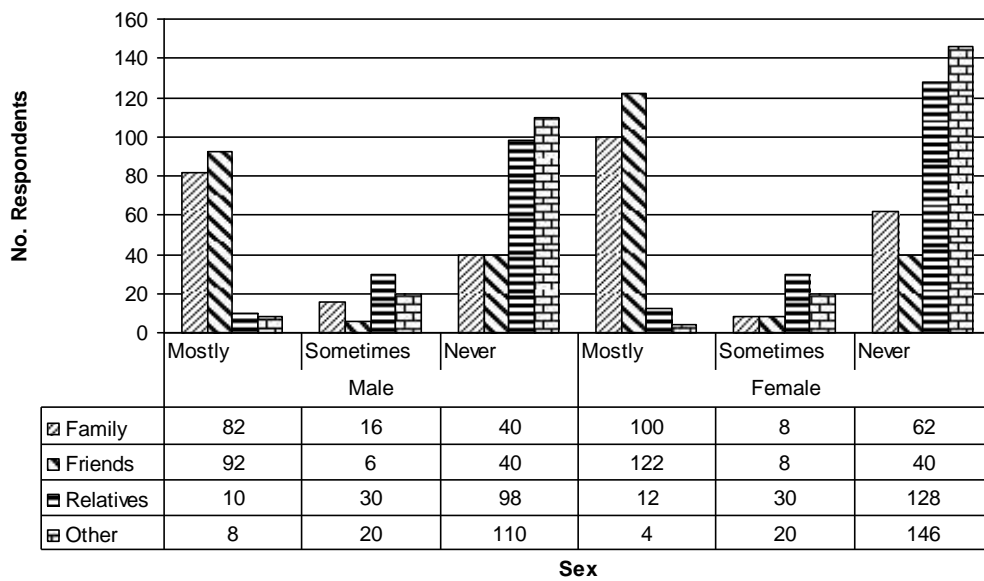


The above figure shows that 38 male and 56 female highly needed help for design, but 24 male and 38 female moderately needed help for design, whereas 76 male and 76 female needed help very low for design. Similarly, 28 male and 64 female highly needed help for fashion, but 32 male and 34 female moderately needed help for fashion, whereas 78 male and 72 female needed help very low for fashion. Likewise, 108 male and 136 female highly needed help for quality, but 12 male and 6 female moderately needed help for quality, whereas 18 male and 28 female needed help very low for quality. In the same way, 64 male and 74 female highly needed help for price, but 16 male and 26 female moderately needed help for price, whereas 58 male and 70 female needed help for price very low.

From the data, it is clear that consumers highly needed with respect to quality of the products followed by price, design and fashion respectively. The possible reasons for the results may be the consumers are quality and price sensitive.

In course of determining whose help the respondents preferred to take to buy the products, varying responses have been got (Figure 4.7).

Figure 4.7 By Whom the Respondents Prefer to Take Help

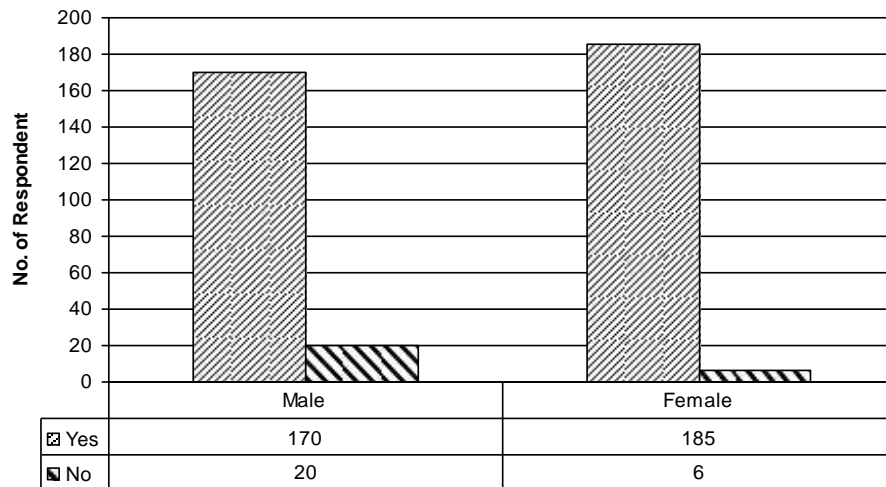


The figure shows that 82 male and 100 female were mostly preferred to take help to buy the products by their family, but 16 male and 8 female were sometimes preferred to take help by them, whereas 40 male and 62 female were never preferred to take help by their family to buy the products. Similarly, 92 male and 122 female were mostly preferred to take help by their friends to buy the products, but 6 male and 8 female were sometimes preferred to take help by them, whereas 40 male and 40 female were never preferred to take help by their friends. Likewise, 10 male and 12 female were mostly preferred to take help by their relatives, but 30 male and 30 female were sometimes preferred to take help by them, whereas 98 male and 128 female were never preferred to take help by their relatives. In the same way, 8 male and 4 female were mostly preferred to take help by other source, but 20 male and 20 female were sometimes preferred to take help by other source, whereas 110 male and 146 female were never preferred to take help by other source.

Hence, it is clear that consumers prefer to take help from their friends followed by family, relatives and others respectively. The possible reasons for the results may be the people have more confidence and closeness to their friends and family.

When the researcher asked the respondents whether quality of the products bought by them was better than other products, the latter dominantly opined in the favor (Figure 4.8).

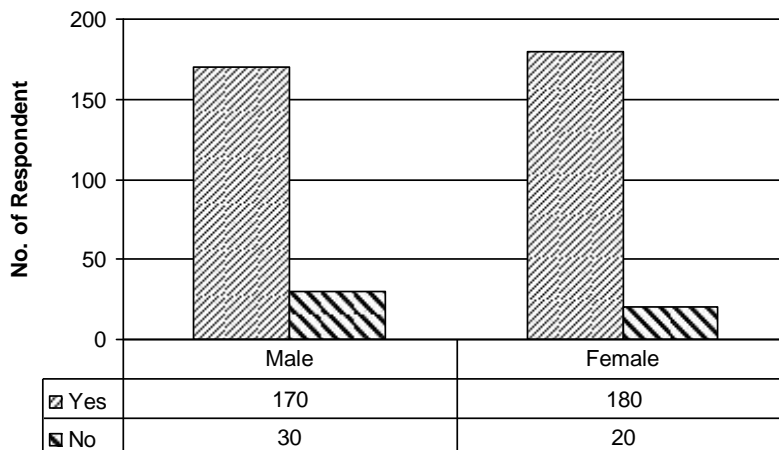
Figure 4.8 Product the Respondents Bought Better in Quality than Other



The above figure shows that 170 male and 185 female told that the products bought by them were better in quality than other, but 20 male and 6 female didn't think so.

The above facts made it clear that consumers thought, they make right decisions. The researcher took an opinion survey as regards the substitutes of the respondents' choice products. Their responses have been presented in Figure 4.9.

Figure 4.9 Substitute of the Respondents' Choice Products

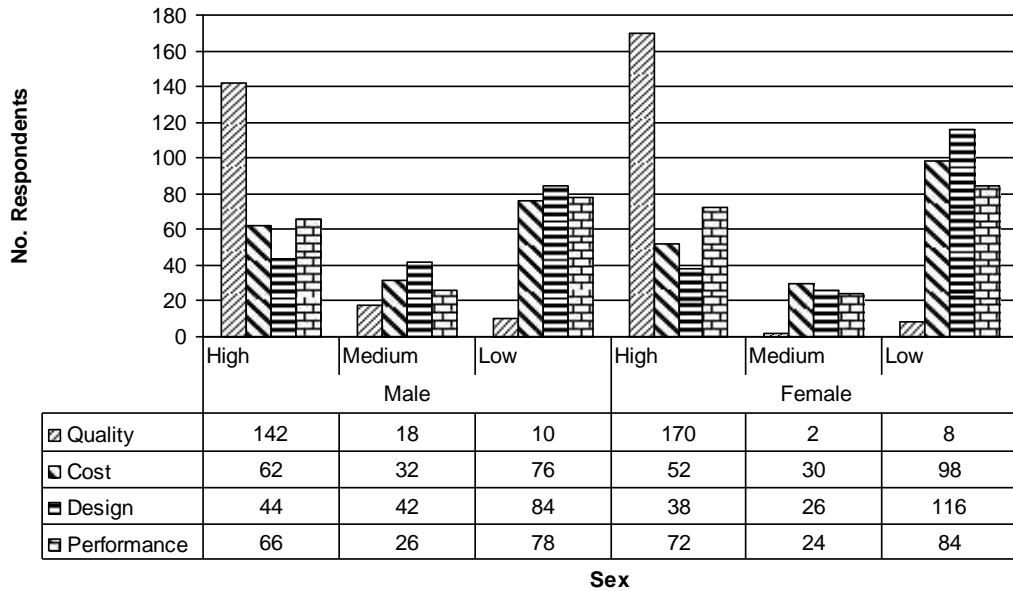


The figure shows, 170 male and 180 female told that substitute products are available of their choice products. But, 30 male and 20 female had told that there is no substitute available of their choice products.

The data reflect that most of the products have substitutes available. So, it can be said that consumers have lot of choices and it is difficult to make the right choice.

The researcher also took an opinion survey pertaining to the reasons that show the respondents' choice products better than substitute. Their responses have been presented in Figure 4.10.

Figure 4.10 Reasons that Show Choice Product Better than Substitute



The figure shows that 142 male and 170 female were found highly better quality in their choice products than substitute, but 18 male and 2 female were found moderately better in quality, whereas 10 male and 8 female were found low quality in their choice products than substitute. Similarly, 62 male and 52 female were found their choice products highly cost effective, but 32 male and 30 female were found moderately cost effective, whereas 76 male and 98 female were found it low cost effective than substitute. Likewise, 44 male and 38 male were found their choice products highly better in design, but 42 male and 38 female were found their choice products highly better in design, but 42 male and 26 female were found moderately better in design, whereas 84 male and 116 female were found in low design than substitute. In the same way, 66 male and 72 female were found high performance of their choice products than substitute, but 26 male and 24 female were found, their choice products performed moderately, whereas their choice products' performance was low for 78 male and 84 female.

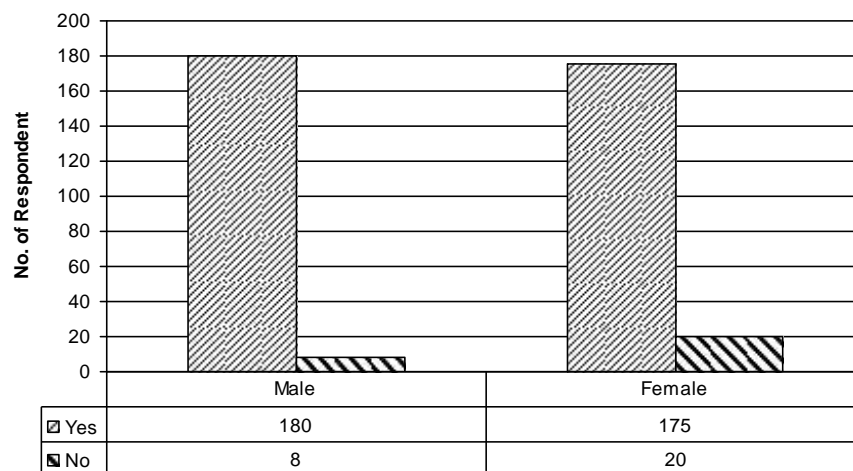
The data revealed that consumers based their decisions, on quality then performance followed by cost and designs respectively, to buy the products.

4.1.2 Consumer's General Response towards Advertising

The researcher made an effort to present and analyze consumers' general response concerning to the respondents' ideas about advertising, perfection towards ads, buying habits after viewing the advertisement, source of information for bought products, like or dislike of advertisement and rating of liked advertisement, buying decisions after or before a advertisement, advertisement of substitutes products, comparison of ads of substitutes products with choice products, response to new, repetitive and choice products ads, factors that make ads enjoyable, and so on. These responses have been shown differently in the respective figures consecutively.

Relating to the respondents' idea about advertising, these responses (Figure 4.11) have been received.

Figure 4.11 The Respondents Idea About Advertising

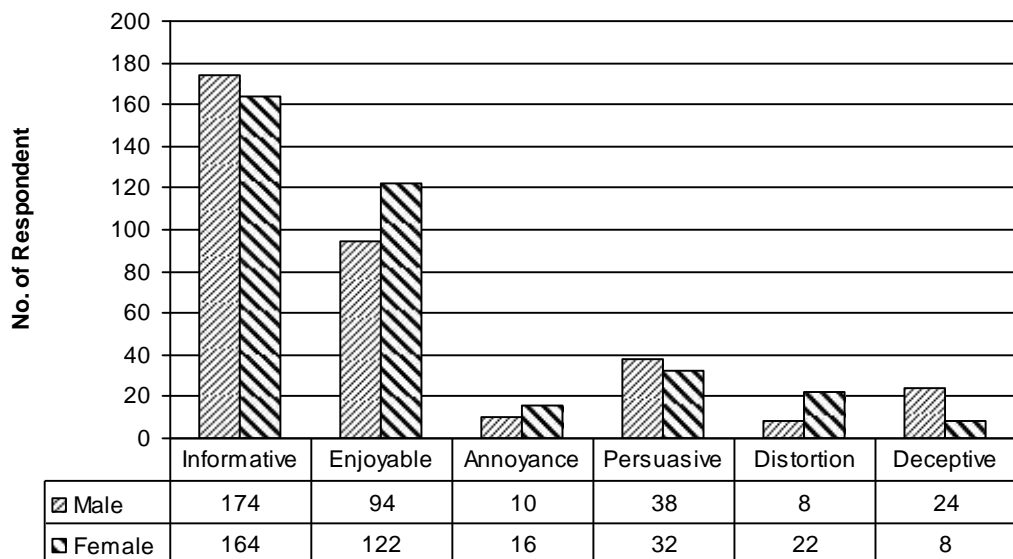


The above figure shows that 180 male and 175 female had idea about advertising, but only 8 male and 20 female didn't have idea.

The data made it clear that consumers had more or less idea about advertising.

But, an opinion survey pertaining to the respondent's general perception towards advertisement, disclosed six different reactions (Figure 4.12).

Figure 4.12 General Perception of Respondents Toward Ads

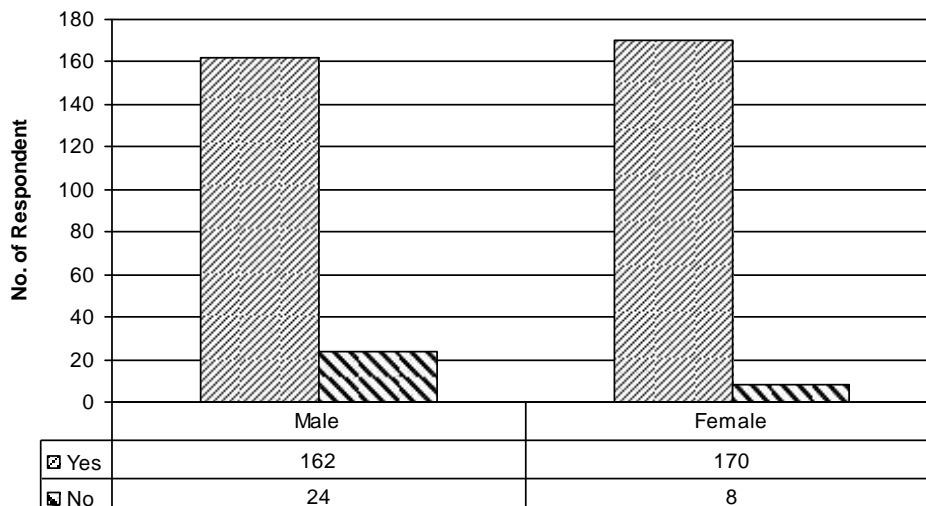


The above figure clearly shows that 174 male and 164 female perceived ads as informative. Similarly, 94 male and 122 female perceived ads as enjoyable. But, 10 male and 16 female, 38 male and 32 female, 8 male and 22 female and 24 male and 8 female perceived advertising as annoying, persuasive, decorative and deceptive respectively.

The above fact clarifies that most of the respondents perceived advertising as informative and enjoyable. It can conclude that consumers positively perceive to the advertising.

When the researcher took an opinion survey vis-à-vis the respondents bought any products by only viewing the advertisement, more or less the similar appeared (Figure 4.13).

Figure 4.13 Products Bought by Only Viewing the Advertisement



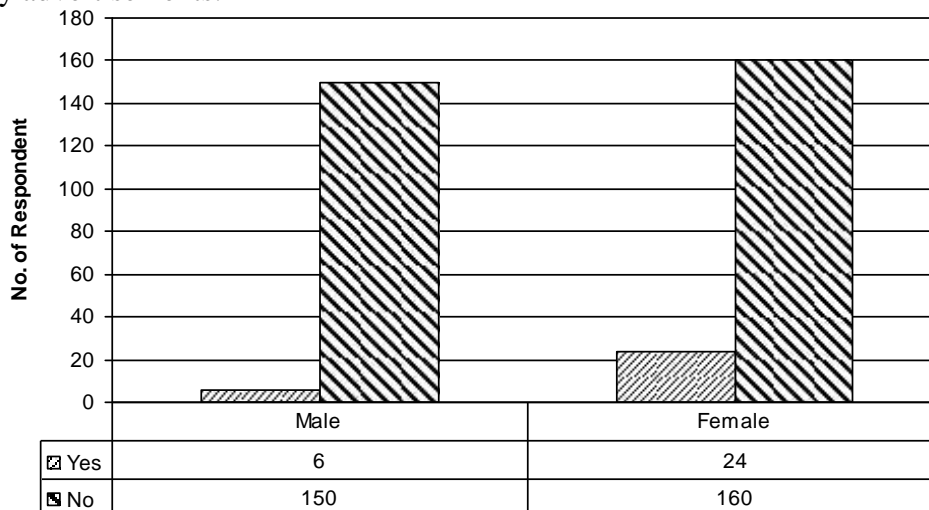
The figure shows, 162 male and 170 female had bought some products by only viewing the advertisement. But 24 male and 8 female didn't buy any product by only viewing of advertisements.

By the above facts, it can be said that if advertising is appearing and convincing, the consumers have likely to buy the advertised products by only viewing the advertisements.

Similarly, the researchers asked about the sources of information relating to products bought by the respondents, the opinion highly hinged on advertisement (4.14).

Figure 4.14 Product Awareness of Respondents from Advertisement

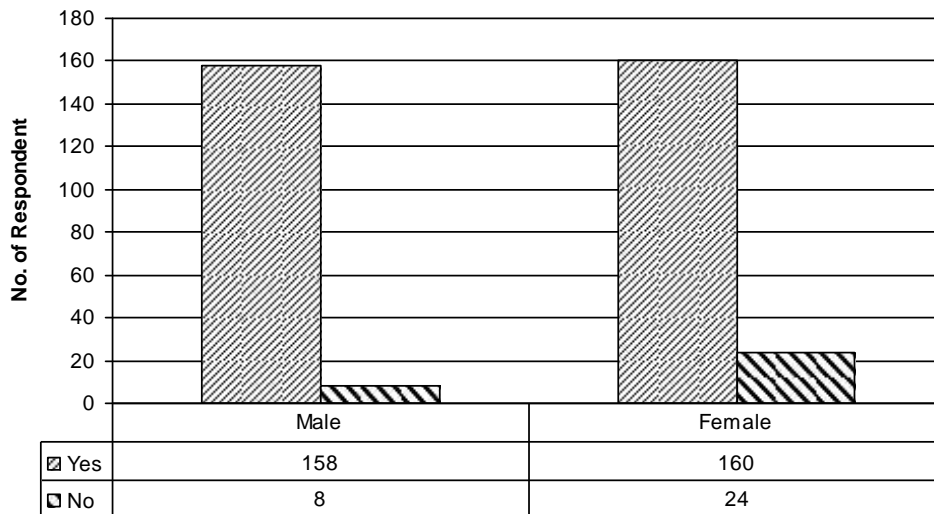
The data revealed that consumers mostly used to see or listen the advertisements. So, it can conclude that consumers buying decisions have more or less influenced by advertisements.



The figure shows that 6 male and 24 female told that the products they liked were advertised. But 150 male and 160 female told, the products they liked were not advertised.

The researcher also found out the time when the respondents used to buy products. The responses got have been presented in Figure 4.15.

Figure 4.15. The Respondents' Interest in the Advertisement

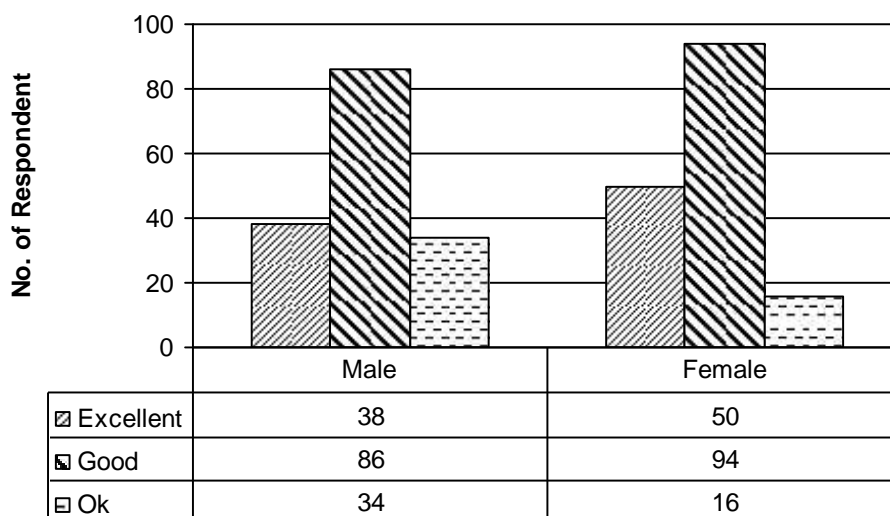


The figure shows that 158 male and 160 female liked the advertisement of their choice products, but 8 male and 24 female did not like the ads of their choice products.

The data made it clear that advertisement of choice products was liked by most of the respondents. So, it can be said that who liked the advertisements, has likely to buy those products.

The respondents' opinions regarding the ratings of their liked advertisement have been presented in Figure 4.16.

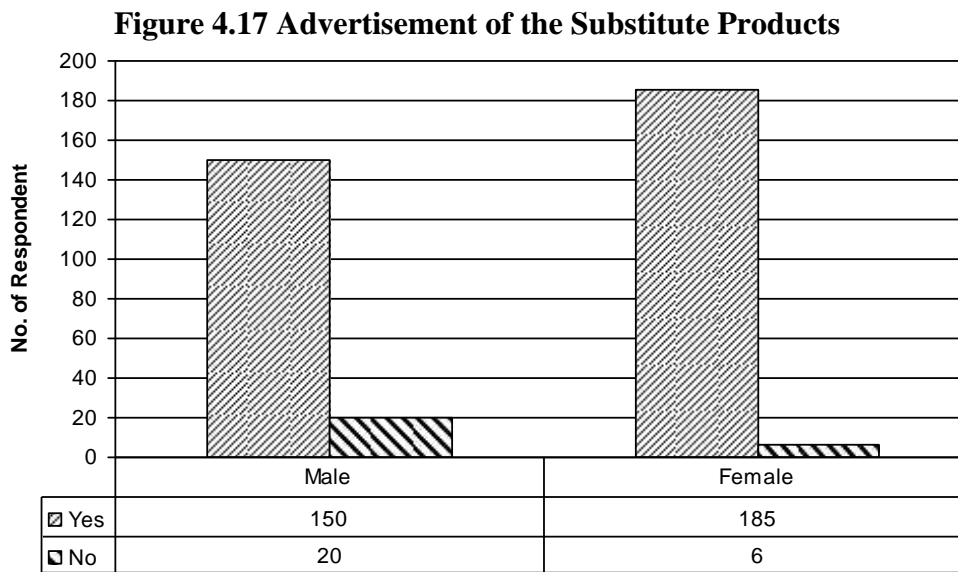
Figure 4.16 Rating of Favorite Advertisement



The figure shows that 38 male and 50 female rated excellent to their liked advertisement, but 86 male and 94 female rated as good, whereas 34 and 16 female rated as ok for their liked advertisement.

The data reflected that most of the respondents were positive towards advertisement of their liked products and most of them rated as good to liked advertisement.

The respondents' opinions as regards to the substitute products whether they were advertised or not have been presented in Figure 4.17.

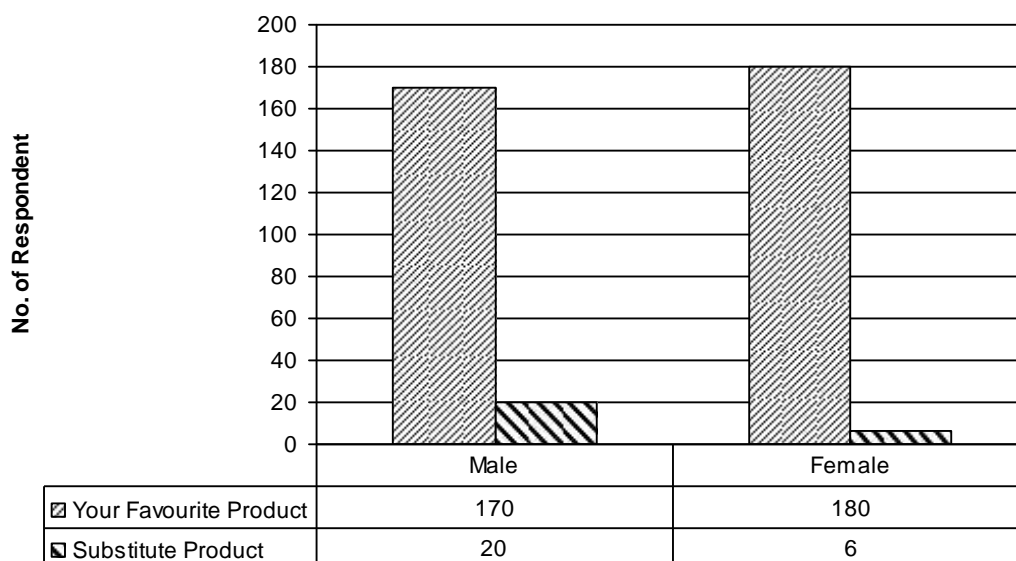


The figure shows that substitute products were highly advertised (150 male and 185 female), whereas 20 male and 6 female told that they were not advertised.

By the above facts, it can be said that consumers are fully informed about advertisements of substitute products. Possibly, they wish to compare both choice and substitute products.

The researcher took an opinion survey of the respondents regarding the liking of advertisements of substitute products. Their responses have been presented in Figure 4.18.

Figure 4.18. The Respondents' Most Choice Advertisement

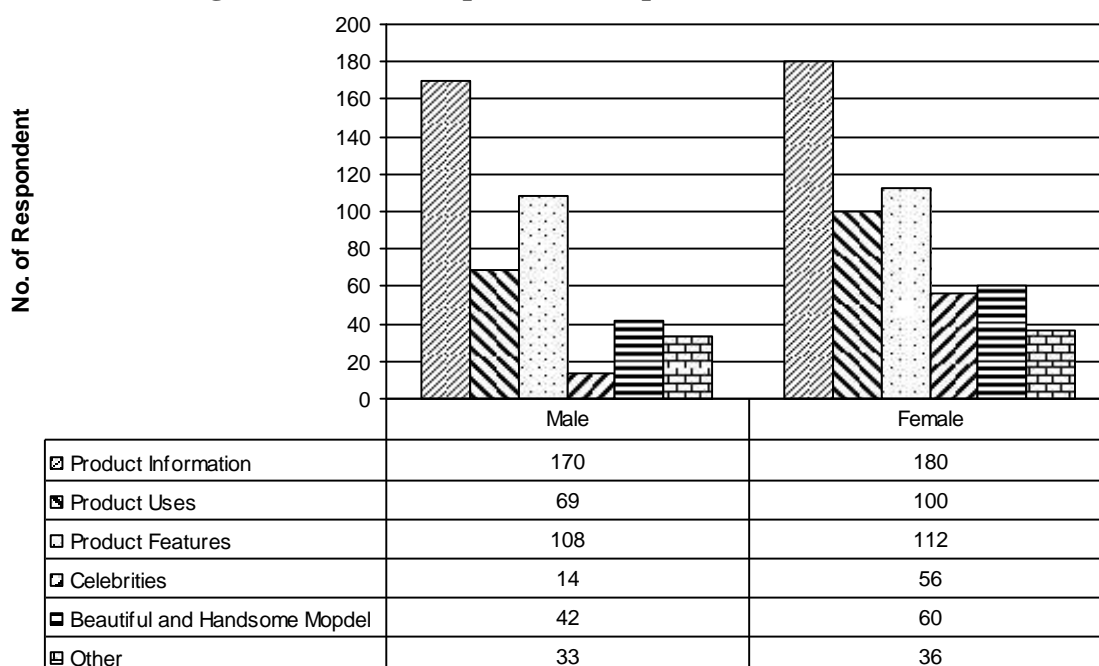


The above figure shows that 170 male and 180 female liked the advertisement of their favorite products, whereas 20 male and 6 female liked the advertisement of substitute products.

The data made it obvious that most respondents were their favourite products' advertisement than ads of substitute products. Possible reasons may be the quality of advertisement and belongingness also makes difference on liking of advertisement and advertised products.

However, the respondents' opinions regarding what they expected to see in an advertisement have been presented in Figure 4.19.

Figure 4.19. The Respondents' Expectations in an Ad

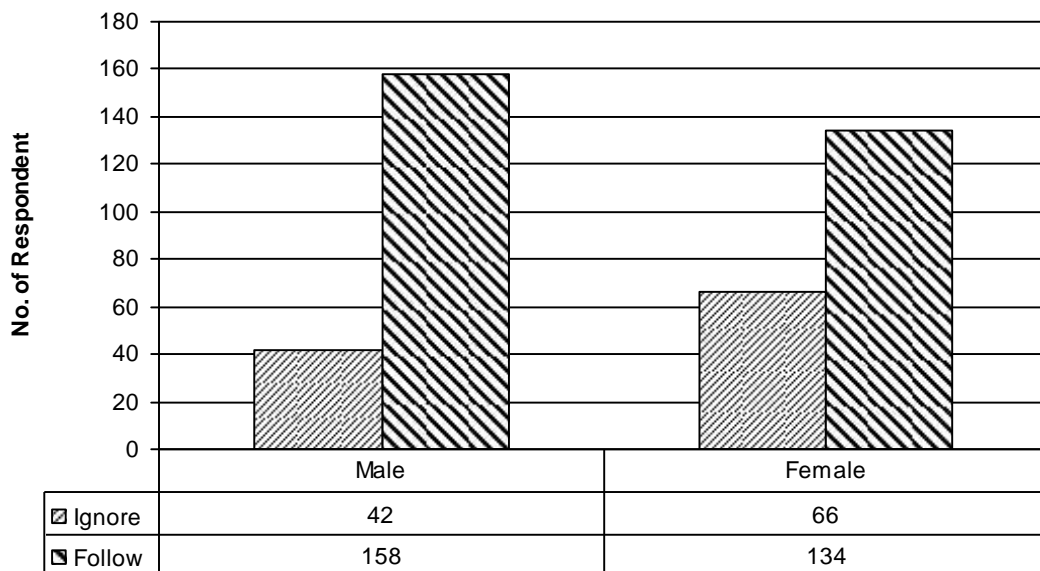


The figure shows that 170 male and 180 female expected to see product information in an advertisement, similarly, 96 male and 100 female expected to see product uses in an ad. In the same way, 108 male and 112 female expected to see product features in an advertisement, whereas 14 male and 56 female and 42 male and 60 female also expected to see celebrities and beautiful and handsome models in an advertisement respectively.

By the above facts, it can be said that consumers mostly prefer to see product information, product features and product uses in an ad. Moreover, some also prefer to see celebrities and handsome and beautiful models in an advertisement.

The respondents' attitudes towards new advertisement have been presented in Figure 4.20.

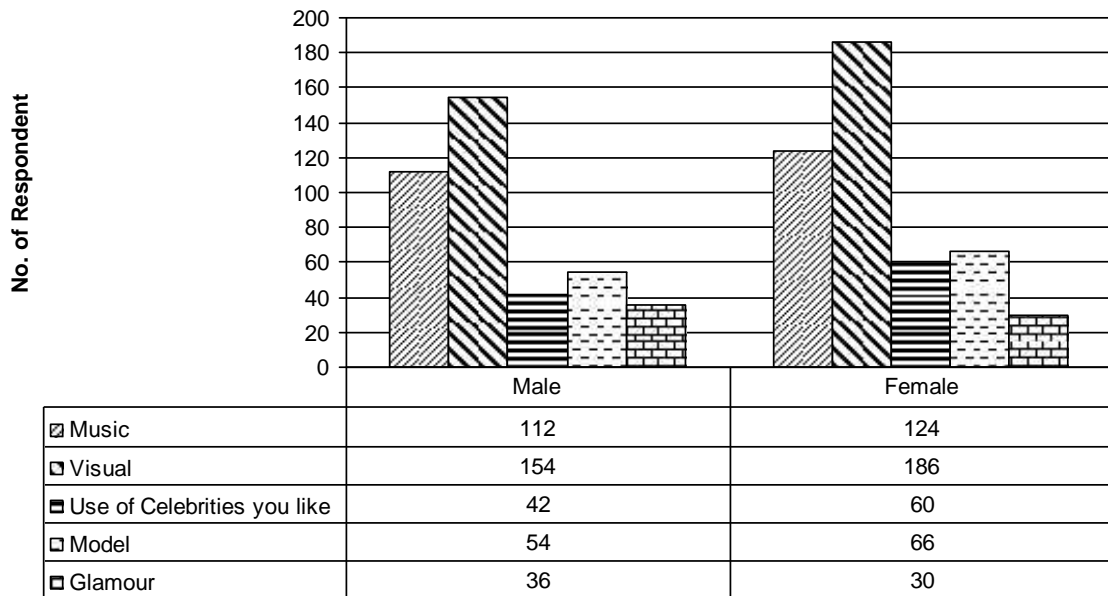
Figure 4.20. Response to New Advertisement



The figure shows that 42 male and 66 female used to ignore new advertisement, whereas 158 male and 134 female used to follow the new advertisement.

It has been evident that majority of the consumers wish to go through the new advertisement. The possible reasons may be they are searching new things on existing. The researcher took an opinion survey of the respondents regarding why they used to see new advertisements.

Figure 4.21 Factors the Respondents Enjoy in Ads



The above figure shows that 112 male and 124 female were enjoyed by music in an ad. Similarly, 154 male and 186 female were enjoyed by visual. In the same way, 42 male and 60 female, 54 male and 66 female and 36 male and 30 female were enjoyed by use of celebrities, model and glamour in an advertisement respectively. By the above facts, it can be said the visual and music are most enjoyable factors in an advertisement. Model has the third factor to make ads enjoyable and followed by use of celebrities. But glamour has less enjoyable factor in an advertisement.

4.2 Test of Hypothesis

The study had proposed to test two main hypotheses, The objective of this study is to find the relationship between two independent variables i.e. attitude and credibility towards advertising with dependent variable. To conclude about the hypotheses, different hypotheses had been formulated. These hypotheses have been drawn on the basis of the results of different hypotheses. These hypotheses will now test on the basis of Chi-Square test. For detail calculation, see appendices table at the last page of thesis.

Hypothesis 1

$H_0 =$ There is no relationship between consumer's attitude towards advertising and buying behavior.

$H_1 =$ There is relationship between consumer's attitude towards advertising and buying behavior, i.e., Consumer's positive attitudes towards advertising produce favorable buying behavior and vice versa.

To conclude about above hypothesis three hypothesis were tested. They are explained below:

Hypothesis 1.1

$H_0 =$ There is no relationship between liking of advertisement and buying behavior.

$H_1 =$ There is relationship between liking of advertisement and buying behavior, i.e., who likes to look at advertisement is preferred to buy advertised products and vice versa.

Calculated $\chi^2 = 7.10$

Tabulated $\chi^2_{5\%, 1.d.f.} = 3.88$

Since the calculated value of χ^2 is greater than tabulated value of χ^2 , the null hypothesis (H_0) is rejected and hence the alternative hypothesis (H_1) is accepted. Therefore, it can conclude that there is relationship between liking of advertisement and buying behavior, i.e., who like to look at advertising is preferred to buy advertised products and vice versa.

Hypothesis 1.2

$H_0 =$ There is no relationship between viewing the product and buying behavior.

$H_1 =$ There is relationship between viewing the product and buying behavior.

Calculated $\chi^2 = 8.87$

Tabulated $\chi^2_{5\%, 1.d.f.} = 3.84$

Since the calculated value of χ^2 is greater than tabulated value of χ^2 , the null hypothesis (H_0) is rejected and hence the alternative hypothesis (H_1) is accepted. Therefore, it can conclude that there is relationship between viewing the and buying behaviour.

Hypothesis 1.3

$H_0 =$ There is no relationship between idea about advertising and buying behavior.

$H_1 =$ There is relationship between idea about advertising and buying behavior, i.e., who thought advertising helps them keep up-to-date knowledge about products they need, has likely to prefer to buy advertised products and vice versa

Calculated $\chi^2 = 5.08$

Tabulated $\chi^2_{5\%, 1.d.f.} = 3.84$

Since the calculated value of χ^2 is greater than tabulated value of χ^2 , the null hypothesis (H_0) is rejected and hence the alternative hypothesis (H_1) is accepted. Therefore, it can conclude that who thought helps them keep up-to-date knowledge about products, has likely to prefer to buy advertised products and vice versa.

The above analysis showed that among three hypotheses, all were substantiated. It means null hypotheses (H_0) were rejected, i.e., there is no relationship between variables, and alternative hypotheses (H_1) were accepted, i.e., there are relationships between variables. So, it can conclude about main hypothesis is that, the null hypothesis (H_0) is rejected and alternative hypothesis (H_1) is accepted. Therefore, it can conclude that consumer's positive attitudes towards advertising produce favorable buying behavior and vice versa.

Hypothesis 2

$H_0 =$ There is no relationship between consumer's credibility towards advertised product buying behavior.

$H_1 =$ There is relationship between consumer's credibility towards advertised products and buying behavior, i.e., Consumer's credibility towards advertised products lead to favorable buying behavior and vice versa.

To conclude about above hypothesis two hypothesis were tested. They are explained below:

Hypothesis 2.1

$H_0 =$ There is no relationship between consumer's belief on advertisement and buying behavior.

$H_1 =$ There is relationship between belief on advertisement and buying behavior.

Calculated $\chi^2 = 10.0074$

Tabulated $\chi^2_{5\%, 1.d.f.} = 3.84$

Since the calculated value of χ^2 is greater than tabulated value of χ^2 , the null hypothesis (H_0) is rejected and hence the alternative hypothesis (H_1) is accepted. Therefore, it can conclude that who believe on advertising claims has likely to prefer to buy advertise products and vice versa.

Hypothesis 2.2

H_0 = There is no significant difference between advertised products and non-advertised products.

H_1 = There is significant difference between advertised products and non advertised product, i.e., who thought advertised products are qualitative than non-advertised products, has likely to prefer to buy advertised products and vice versa.

Calculated $\chi^2 = 8.196$

Tabulated $\chi^2_{5\%, 1.d.f.} = 3.48$

Since the calculated value of χ^2 is greater than tabulated value of χ^2 , the null hypothesis (H_0) is rejected and hence the alternative hypothesis (H_1) is accepted. Therefore, it can conclude that who believe on advertising products are qualitative than non-advertised products, has likely to prefer to buy advertised products and vice versa.

The above analysis showed that both hypotheses were substantiated. So, conclusions regarding main hypothesis is, null hypothesis (H_0) is rejected and alternative hypothesis (H_1) is accepted. Therefore advertised product are more qualitative then the non advertised product.

4.3 Major Findings

- ↪ Consumer's positive attitudes towards advertising produce favorable buying behavior and vice versa.
- ↪ Consumer's credibility towards advertising and advertised products leads to favorable buying behavior and vice versa.
- ↪ Television is mostly used medium followed by newspapers and magazine, radio FM and e-mail and internet respectively.
- ↪ Most of the respondents used to buy self everything they needed.

- ↪ Family and friends mostly influence consumers buying decisions. Similarly advertising is the first source of information for most of the respondents used to buy self everything they needed.
- ↪ Most of the respondents need help to buy the products; they need help mostly on quality, then price, then design and then fashion. They preferred to take help from friends, then family, followed by relatives.
- ↪ Consumers thought the product they bought was better than substitute in respect of quality, followed by performance.
- ↪ Most of the respondents had idea about advertising and perceived advertising as informative, enjoyable, and only few had taken advertising as persuasive annoying and deceptive.
- ↪ Most of the respondents told that they buy product only viewing the advertisement and they used to buy the product after advertisement was seen.
- ↪ Most of the respondents liked their choice products' advertisement than substitute, and so they rated to like advertisement as good.
- ↪ Consumers interested to see, in an advertisement, about product information, product features and product uses. Visual and music are the fascinating factors that enjoyed the consumers in advertisements.
- ↪ Consumers liked to see or listen advertisements of new product and their choice product, but were likely to ignore repetitive advertisement.
- ↪ In aggregate, consumers had positive attitude towards advertisement but they have doubt on the advertisement's claim.

CHAPTER-V

SUMMARY, CONCLUSION 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 part of life to be borne by the consumers if they like or dislike. 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.

There are too many research work being done to find out what factors make an advertisement effective to sell their objectives, how the advertisement s pay back. We had seen lot of research works in national or international levels by students, professional and businessmen from the perspective or eye of advertisers. 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, perception and credibility towards advertisement and its subsequent effect on buying decisions and this study has other two subsidiary objectives i.e. factors that affect consumer buying decisions and consumer general ads response. This study has aimed to find the answer of following research questions.

- ↳ Is there any relationship between consumers' attitude towards advertising and buying decisions?

- ↳ Does consumers' credibility towards advertising lead positive buying decisions?
- ↳ What factors affect consumer buying decisions process?

To get the answer of this research questions two main hypothesis were proposed. It is very hard to study the behavioral variables like attitude and credibility by single means. So, to conclude about two main hypothesis seven sub-hypotheses were proposed. Conclusions regarding the main hypothesis were made on the basis of the results of sub hypotheses.

A consumer opinion design was used. Five statements were used to collect the attitude data, two statements were used to collect data related to credibility of advertisement and single statement was used to collect the information on consumers buying preference of advertised products.

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 hypothesize the variables in obtainable manner the related literature, books, articles and the previous studies in the subject were studied and complete bibliography were maintained.

The sample of the study comprised 400 consumers above 16+ age, 200 male and 200 female of minimum education SLC, of Pokhara and Lekhnath. The judgmental sampling method was used to select the sample. In 400 samples, 340 belong to Pokhara and 60 to Lekhnath. Structured, multi-choices, open-ended as well as closed questionnaires were sent through mail, e-mail and personal contact to collect the response. The data obtained were categorized and tabulated by using frequency distribution and presented into pie chart and simple single dimensional bar diagram. Before testing hypotheses Karl Person's correlation were used to see the correlation among attitudinal and credibility statements and between attitudinal and credibility statements with buying preference of advertised products. To test the significance of correlation probable error were also calculated. Hypotheses were tested with the used of Karl Person's Chi-Square test. It is the only simplest non-parametric test widely used by the beginning researcher. Findings have been separately shown under the headings-Conclusions.

5.2 Conclusion

The findings and conclusions drawn from the analysis and interpretation of primary data collection through consumer opinion survey are presented orderly here after.

It was found positive correlation (.392-.95) among attitudinal statement and the correlation of attitudinal statements with buying preference of advertised products were found highly positive i.e. .560-.979. It was found very high degree of positive correlation between credibility statements i.e. .859 and similarly the correlation between credibility statements with buying preference of advertised products was also found highly positive i.e. .609 & .929 respectively.

All hypotheses were substantiated. That means, all null hypotheses were rejected and alternative hypotheses were accepted.

It was found positive relationship between attitude and credibility with consumer buying behavior. That means consumers' who have positive attitude and credibility towards advertising has favorable buying behavior and similarly consumers with negative attitude and credibility towards advertising show unfavorable buying behavior.

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.

Consumers have positively perceived advertising. There is positive relationship between consumers' attitude and credibility towards advertising and preference to buy advertised products. Those having positive attitude towards advertising, perceived advertising positively and have credibility towards advertising and advertised products are more likely to buy advertised product and vice versa.

5.3 Recommendation

This study concluded positive relationship attitude and credibility towards advertising with consumer preference to buy advertised products. Researcher recommends some points to consider, on the basis of findings of the study, while designing and communicating the advertisement messages.

- ↪ The study found positive attitude towards advertisement but consumers' are not confident on quality and performance of advertised products as claimed in ads. So, it is the challenging task to the advertisers, marketers, copywriters and businessmen to relate their advertisement with the performance and attributes of the products.
- ↪ It is found high degree of positive relationship between attitude and credibility towards advertisement and buying preference of advertised products. Therefore, advertisers should seriously think while designing and communicating the ads message to the targeted consumers to create favorable buying behavior.
- ↪ Consumers perceive advertising a source of information about the product, and so advertisers should accordingly design their ads.
- ↪ Consumers want to see product information, product features and product uses in an advertisement and advertiser should consider this factor while designing the ads.
- ↪ Consumers enjoy the visual and music in the ads and the advertiser should consider this factor make advertisement effective.
- ↪ Television is widely used medium; consumers mostly take help from friend and are influenced by family and friends. So, advertisers should keep these factors in mind while designing and communicating the ads message.

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Appendices

Questionnaire

Dear Respondents,

I am collecting the data concerned with impact of advertisement on “Impact of Advertising on the Buying Behavior of the Consumer in Pokhara ”for the research work in partial fulfillment of the requirement of master’s degree in business studies (mbs) and it would be great value of your help in this research work.

I therefore, request you to answer the following question and tick (✓) where necessary.

Name: _____ M/F: _____
Age: _____ Occupation: _____
Address: _____ Education: _____

1. Which medium of advertising do you prefer? (Also mention the degree of your preferences).

	High	Medium
Low		
<input type="checkbox"/> Newspaper and magazine
.....		
<input type="checkbox"/> T.V
.....		
<input type="checkbox"/> Radio and FM
.....		
<input type="checkbox"/> Email and Internet
.....		

2. Which product do you purchase most? (Also mention the degree of your preferences).

	High	Moderate
Low		

.....	<input type="checkbox"/> Food	.....	.....
.....	<input type="checkbox"/> Cloths	.....	.....
.....	<input type="checkbox"/> Cosmetic	.....	.....
.....	<input type="checkbox"/> Book and Stationary	.....	.....
.....	<input type="checkbox"/> Everything I need	.....	.....

3. Who influences you to buy the product? (Also mention the degree of your preferences).

	High	Moderate	Low
.....	<input type="checkbox"/> Family	.....	.....
.....	<input type="checkbox"/> References Groups	.....	.....
.....	<input type="checkbox"/> Friends	.....	.....
.....	<input type="checkbox"/> Role Model	.....	.....
.....	<input type="checkbox"/> Others	.....	.....

4. What are the sources of information for a consumer to buy a product? (Also mention the degree of your preferences).

	High	Moderate	Low
.....	<input type="checkbox"/> Advertising	.....	.....
.....	<input type="checkbox"/> Friends	.....	.....

- Family
- References Group
- Others

5. Do you take any kind of help from others to buy a product?

- Yes No

6. What are the reasons for taking help? (Also mention the degree of your preferences).

- | | High | Moderate | Low |
|----------------------------------|-------|----------|-------|
| <input type="checkbox"/> Design | | | |
| <input type="checkbox"/> Quality | | | |
| <input type="checkbox"/> Fashion | | | |
| <input type="checkbox"/> Price | | | |

7. From whom you prefer to take help? How frequently?

- | | Mostly | Sometimes | Never |
|------------------------------------|--------|-----------|-------|
| <input type="checkbox"/> Family | | | |
| <input type="checkbox"/> Friend | | | |
| <input type="checkbox"/> Relatives | | | |
| <input type="checkbox"/> Others | | | |

8. Do you think the product that you bought were better in quality than others?

- Yes No

9. Do you find any substitute product available of your choice?

- Yes No

10. What are the reasons that show choice of your product better than substitute product?

- | | High | Medium | Low |
|--------------------------------------|-------|--------|-------|
| <input type="checkbox"/> Quality | | | |
| <input type="checkbox"/> Cost | | | |
| <input type="checkbox"/> Design | | | |
| <input type="checkbox"/> Performance | | | |

11. Do you have any idea about advertising?

- Yes No

12. What is your general perception towards advertising?
- Informative Enjoyable Announce
- Persuasive Distortion Deception
13. Have you ever bought the product by only viewing the advertisement?
- Yes 2.No
14. Do you have awareness of a product from its advertisement?
- Yes No
15. Do you have interest in the Advertisement of a product?
- Yes No
16. How do you rate the Advertisement of a product?
- Excellent Good Ok?
17. Do you give the Advertisement of substitute product?
- Yes No
18. Which Advertisement does you like Most?
- Your favorite products Substitute products
19. What are the expectations in an Advertisement of a product?
- Product information Product users Celebrities
- Beautiful & Handsome Model Others
20. What is your response to new Advertisement?
- Ignore Follow
21. What are the factors that you enjoy in Advertisement?
- Music Visual Use of celebrities you like
- Models Glamour

Appendix-1

Test of Hypothesis 1.1

Calculation Table

	Male	Female	Total
Yes	158	160	218
No	8	24	32
Total	166	184	350

We know that,

$$\begin{aligned}\chi^2 &= \frac{N(ad - bc)^2}{(a + b)(c + d)(a + c)(b + d)} \\ &= \frac{350(158 \times 24 - 160 \times 8)^2}{166 \times 184 \times 318 \times 32} \\ &= \frac{350(379 - 1280)^2}{166 \times 184 \times 318 \times 32} \\ &= 7.10\end{aligned}$$

$$\chi^2_{5\%, 1.d.f.} = 3.84 \text{ (From table)}$$

Appendix-2

Test of Hypothesis 1.2

Calculation Table

	Male	Female	Total
Yes	6	24	30
No	150	160	310
Total	156	184	240

We know that,

$$\begin{aligned}\chi^2 &= \frac{N(ad - bc)^2}{(a + b)(c + d)(a + c)(b + d)} \\ &= \frac{340(160 \times 6 - 150 \times 24)^2}{156 \times 184 \times 30 \times 310} \\ &= \frac{340 \times 2640 \times 2640}{156 \times 184 \times 30 \times 310} \\ &= 8.87\end{aligned}$$

$$\chi^2_{5\%, 1.d.f.} = 3.84 \text{ (From table)}$$

Appendix-3

Test of Hypothesis 1.3

Calculation Table

	Male	Female	Total
Yes	180	175	355
No	8	20	28
Total	188	195	383

We know that,

$$\begin{aligned}\chi^2 &= \frac{N(ad - bc)^2}{(a + b)(c + d)(a + c)(b + d)} \\ &= \frac{383(180 \times 20 - 175 \times 8)^2}{355 \times 28 \times 188 \times 195} \\ &= \frac{383(3600 - 1400)^2}{355 \times 28 \times 188 \times 195} \\ &= 5.08\end{aligned}$$

$$\chi^2_{5\%, 1.d.f.} = 3.84 \text{ (From table)}$$

Appendix-4

Test of Hypothesis 2.1

Calculation Table

	Male	Female	Total
Yes	150	185	335
No	20	6	26
Total	170	191	361

We know that,

$$\begin{aligned}\chi^2 &= \frac{N(ad - bc)^2}{(a + b)(c + d)(a + c)(b + d)} \\ &= \frac{361(150 \times 6 - 185 \times 20)^2}{335 \times 26 \times 170 \times 191} \\ &= \frac{361(900 - 3700)^2}{335 \times 26 \times 170 \times 191} \\ &= 10.0074\end{aligned}$$

$$\chi^2_{5\%, 1.d.f.} = 3.84 \text{ (From table)}$$

Appendix-5

Test of Hypothesis 2.2

Calculation Table

	Male	Female	Total
Yes	170	185	355
No	20	6	26
Total	190	191	381

We know that,

$$\begin{aligned}\chi^2 &= \frac{N(ad - bc)^2}{(a + b)(c + d)(a + c)(b + d)} \\ &= \frac{381(170 \times 6 - 185 \times 20)^2}{355 \times 26 \times 190 \times 191} \\ &= \frac{381(1020 - 3700)^2}{355 \times 26 \times 190 \times 191} \\ &= 8.1696\end{aligned}$$

$$\chi^2_{5\%, 1.d.f.} = 3.84 \text{ (From table)}$$