



Impact of Advertisement on Consumer Demand

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ABSTRACT

Advertising as a limited time device likewise will in general remind, reassure and impact the decisions of the consumer in light of the fact that a promotion itself enlightens, instructs, and convinces consumers on their acceptability of the product offering Advertisement in such a media as print (paper, magazines, boards, flyers) or broadcast (radio, TV) commonly comprise of pictures, title texts, data about the product and occasionally a response coupon. In this paper, impact of advertising on consumer demand and Product Awareness & Use has been studied. Studied revealed that there is a relationship between consumer's state of mind and advertisement. Only 30% to 50% consumers think about the factors such as their Income, price of the goods, Expectations, tastes, and preferences and mainly financial conditions by himself. Then we can call that consumer as "Discretionary Consumer"

Keywords: Advertisement, Consumer, Product Awareness

Introduction:

Advertising as a limited time device likewise will in general remind, reassure and impact the decisions of the consumer in light of the fact that a promotion itself enlightens, instructs, and convinces consumers on their acceptability of the product offering Advertisement in such a media as print (paper, magazines, boards, flyers) or broadcast (radio, TV) commonly comprise of pictures, title texts, data about the product and occasionally a response coupon. Broadcast commercial/advertisement then again consist of a sound or video story that can go from 15seconds spots to longer fragments known as infomercials, which for the most part last 30 to an hour.(Busari 2002)Advertisements can likewise be seen on the seats of grocery carts trucks, on the mass of air terminal walkways, on the sides of transports, plane and train.

Advertiser's primary mission is to reach at imminent consumers and impact their mindfulness, mentalities and purchasing behaviour. They spent huge amount of money to get attention of consumer (markets) in their product. To succeed, they need to get knowledge of what makes consumer satisfy to act the manner in which they do. The advertiser's objectives are to get sufficient relevant market information to develop accurate profiles of consumer to-track down the common group (and symbols) for communications.

Advertising is any paid type of non-personal presentation and promotion of ideas of the product, by a identified spencer's (Kotler and Armstrong, 2010). There are different types of advertising like instructive advertisement, comparison advertisement, persuasive advertisement, and reminder advertisement. Information advertisement is utilized to advise consumer about another products, or construct essential demand. Sales performance describes the pattern of collection as far as income when comparing various periods (MC Cathy, 1994). The sales might be in type of offering products or services to consumer. A service is an activity or benefits that organisation can give to another that is basically intangible and doesn't result in ownership of anything. (Kotler and Armstrong, 2010). Sales volume is the core demand of each organization and depends on sales and profit. When sales volume goes up profit rises and the organization is made simpler. While online business organizations often start as passion project, the laws of supply and demand are still very much effect. To guarantee that an extraordinary thought can possibly support itself, there are two fundamental ways to analyse of demand. The first discusses the link between the quantity of a product demanded and factors like price, income of consumer, advertisement expenditure, etc. The second methodology, which is highly developed in the research literature writing, analyse buyers, demand for products characteristics and how this demand is converted into demand for specific product.

Objectives of study:-

1. To study the consumer Demand and determinants of demand.
2. To study the impact of advertising on consumer demand
3. To study the Impact of advertising on Product Awareness & Use
4. To study the advertisement and consumer prices

Research Methodology

The present study is based on secondary data collected from various sources such as other resources like newspapers, magazines, internet, videos, movies, music, and billboards etc. Here attempt to make analyse the impact of advertisement on consumer demand with the help of determinants of demand and consumer mind set or perception towards advertisement.

Demand is an economic principle referring to a consumer's desire to buy Products and services and willingness to pay a price for a specific products or services.

The determinants of demand refer to the quantities of a product or service consumers are ready and able to buy. Economic demand relies upon various factors. For example, price is a vital driver of demand, as there are not very many buyers that couldn't care less with regards to money. Similarly, a consumer buying propensities might change in the event that they get a compensation rise. To quantify these fluctuations economists have recognized five vital determinants of demand that impact purchase patterns associated with a product or service. Thus, manufacturer and suppliers can consider these measurements to study these metrics to manage inventory. These factors are discussed below briefly..

1. Income

At the point when a person's income rises, they can purchase more costly product or buy the product they for the most purchase the products they usually buy in a greater volume. Subsequently, this causes increase in demand. On the other hand, on the off chance that salaries drop, demand is probably going to decrease. Usually, this trend will acutely affect 'luxury' markets, like vacations, cars, or restaurants. Moreover, product those experiences a fall in demand after while salaries (income) rise are referred to as inferior good. Although this doesn't really indicate lower quality, performance on the market generates a negative demand curve.

a. Fundamental or Basic Consumer Goods:

Refer to goods that are consumed by every individual in the society. For instance, food grains, cleansers, oil, cooking fuel, and garments. The quantity demanded for basic consumer goods increases with increases in the income of a consumer, however to a fixed limit, while other factors are constant.

b. Normal Goods:

Refer to products whose demand increases with increase in the consumer income. For instance, products, like clothing, vehicles, and food product, are demanded in relatively increasing quantity with increase in the consumer income. The demand for normal goods fluctuates because of various rate of increase in consumer income.

c. Substandard Goods:

Refer to products whose demand decreases with increase in the income of consumer. For instance, a consumer would like to buy wheat and rice rather than a cereal grass and cooking gas rather than kerosene, with increase in his/her income. A cereal grass and kerosene are inferior goods for the consumer. However, these two goods can be normal goods for individuals having lower level of income, therefore we can say that goods are not always inferior or normal; it is the level of income of consumer and their perception about the need of products.

d. Luxury Goods:

Refer to goods whose demand increases with increase in consumer's income.

Luxury goods are utilized for the joy and esteem of consumer. For instance, Expensive gems things, luxury cars, antique paintings and wines, and air travelling.

2. Price

The laws of supply and demand dictate that if the expense of a specific product rises, demand will decrease. For instance, if the cost of unrefined petroleum goes up, the expense of petroleum will rise in gas stations. In this manner, depending upon the income of the consumer, they will drive less to save gas. This tendency is demonstrated during public occasions, when people will drive shorter distance to visit family or for vacations. Similarly, a change in price can cause demand for a related product to fluctuate. However, when the price of petrol falls, more people will return to the roads, consequently, setting off a drop in the cost of train tickets. For example consumer likes to purchase a product in enormous amount when the cost of the product is less. The price demand relationship denotes a huge commitment in oligopolistic market where the accomplishment of an association relies upon the after effect of price battle between the association and its rivals.

3. Expectations, tastes, and preferences

If the customers suspect that the cost of a product will rise in future, the demand for said product will increase in the present. For instance, in case there is a rise in petroleum prices estimate for the coming week, drivers will top off today. Similarly, consumer' perspectives, tastes, and preferences can affect demand in manners less directly associated with cost. For example, if a popular celebrity is engaged with advertising a product, demand might increase. Conversely, if a scientific study reports a product is hindering to your wellbeing, demand will drop. For example, in case females are enormous in number when compare with guys in a specific region, then, at that point the demand for feminine product.

4. Consumer base

One of the main determinants of demand is the size of the market. The more buyers want to buy a product, the quicker demand will rise. Although a rise in population is an obvious way this can happen, there are different elements that impact the size of a consumer base. For instance, an organization might create an effective advertisement effort that introduced their product or service with another segment.

5. Economic conditions

Consumers' perceptions of the economy influence their propensity to consume. To represent, if consumers are certain their jobs are secure, they are sure to spend. This tendency is thought as consumer confidence. Characterized as consumer feeling about financial conditions, consumer certainty shows the general condition of the economy. However, if purchaser certainty is low, people are absolute to place their money into saving accounts – particularly if demand rate are high. Economists' analyses different key determinants of demand and consumption. However, practically speaking; they frequently ignore the connection between demand and price. The development of these 'gap' models illustrate the prevalence of an approach that sees demand working autonomously of price. Truly, demand is a complex relationship between cost and quantity, rather than a static idea that just depends upon geopolitical components. In that manufacturers and suppliers need to examine study pricing strategy alongside traditional demand elements. However, demand is the willingness and ability of a consumer to purchase a good under the prevailing circumstances. Hence, any situation that influences the purchaser's willingness or ability to purchase the goods and services being question can be a non-price determinant of demand.

Understanding Consumer Demand

Demand is an economic principle that includes a consumer's readiness to pay certain price for a specific product or service. Aside from, there are many components that affect demand, like climate, consumer confidence, brand popularity and supply or inventory. For instance, the climate or season assumes a part in creating demand for specific types of product. In the summer, there is more prominent demand for swimsuits than in the winter. In December, period of celebrating Christmas, there is a huge demand for Christmas trees than in the summer. Supply is firmly associated with demand, as well. Demand usually increases when there is limited supply for a particular product or services. The selectiveness of a product can entice consumer to want it more. In some case, the increase in price for a good actually increases the demand, for example, Luxurious vehicles or expensive jewellery. However, decreasing price of a product increases demand.

- **Effects of Advertising on Consumer Demand**

Advertising plays a significant part in increasing and decreasing demand for a product or service. It's a way to connect with buyers and educate them about the business, product or service and results. Assuming the advertising is focusing on the audience segment correctly, the consequences for demand will probably be positive. However, if the advertising misses the mark, the effect on the business can be devastating. Advertising can affect both the demand for a specific product or service, and the demand within a particular audience segment.

- **Increasing Demand for a Product or Service**

To build demand for a specific product of service, make important to create the issue consumer are confronting, and offer the product as the arrangement. This sort of persuasive promotion affects demand by setting the product apart from rivalry and educating customers about the outcomes they will get. The small venture can build demand for their product by cautiously choosing the timing and venue for advertising, and setting them apart from the competition.

- **Decreasing Demand for a Product or Service**

If promotional campaign is unsuccessful, it can decrease demand for a goods or service. For instance, if the ad misrepresents the product or sets unrealistic assumptions, the campaign can have negative outcomes on the business. It's basic for advertising to be honest with regards to what sorts of advantages the product or service gives. This helps with build trust and Loyalty with consumers, which can increase demand. In the event that a small business gives hair dressing and make-up services, and misrepresent the outcomes in their advertising, they might have a huge number of unhappy consumers. For instance, if the advertisement discusses the high quality products they use and the skills of their aestheticians, the consumers will assume that the service will give them the kind of look they are after. In any case, if the nature of make-up is poor and the artist is inexperienced, the consumer might be annoyed with the final product. She might post negative reviews about the business online, which would then lead to decrease in demand for the service.

- **Targeting Demand**

The demand for a product or service isn't exactly what the purchaser want or needs, yet in addition what the objective consumer will pay for. Affecting demand implies affecting sales. Learning as much as possible about the demands and purchasing power of target consumers can help an organization plan the advertisement that will have the most ideal impact on a brand's demand.

- **Evolving Experiences**

Effective promotion makes an emotional experience for the consumer that compels consumer action. When a soft drinks advertisement shows sandy beaches and swimsuit parties, or a health drink advertisement shows fit individuals living active lives, marketers behind these advertisement want their consumers to "feel" the product enough to add it to their shopping list. Online based media and mobile device advertising evolves, online audience have a more direct and interactive experience with advertisers. Advertisements online add to a continuous relationship with consumer through likes, comments, shares, contest, survey participation, and votes. Advertisement online also impact demand immediately through orders that can be set with a mouse click or tap of a screen.

- **Advertising May Help Fulfill Demand**

Advertising doesn't create demand, but it can help fulfill it. If someone is diagnosed to have diabetes, but doesn't know about drugs specifically for diabetes, advertising will help with making that individual person aware. And, the individual may end up purchasing a specific medication because advertising made her aware of it. Because, the demand isn't made by the advertisement - the demand is there because the patient has diabetes. The advertisement helps the patient to fulfill the demand using a specific medication (there are other diabetes drugs). For new products, advertisement helps demand by solving the prevalent awareness— individuals basically don't know about the new product. But, in the product doesn't fulfill an actual demand, there is no Sales. Think about the many consumer products or grocery things created every year, 95% of which fail and are discontinued

because lack of demand from consumers.

- **Impact of advertising on Product Awareness & Use**

Advertisement helps to make consumer aware of a product and aims to construct preference for that product over its rivals. In the event that promotion succeeds in those two tasks, consumer will choose the advertised good when they make their next buy. However, building awareness and preference through advertising is a combined interaction. A single campaign only raises awareness for a short period so allocate the budget for advertisement throughout some stretch of time to support high levels of awareness and use.

Choices

At the point when advertisers settle on decisions between various products or brands, two conditions apply, as indicated by C.R. Clark of the Institute of Applied Economics, writing in the journal "Quantitative Marketing and Economics." The product must form a part of a consumer's set of choices and the consumer must prefer one product over all others in the set of choices. If market research shows that a consumer knows about products A, B and C and you supply product X, you should make consumer aware of your product so it turns out to be important for their set of choices.

Preference

By advertising, you can make consumer aware of the presence and availability of your product. In any case, raising awareness is just the primary stage in convincing consumers to purchase and use your product. Your advertisement should persuade them regarding the nature of the product. Including testimonials from satisfied customers or reporting achievement of quality standards in your advertisements assists with build confidence and preference for your product.

Time

Awareness and preference increase or decrease over the long run, depending upon the weight and frequency of advertising, as per David W. Olson in an article for "Advances in Consumer Research." Constant advertising can build the degree of awareness from recognition of some factors of a product through to detailed understanding of the nature of the product and its advantages. Degrees of awareness and preference can diminish if you don't continue advertisement or then again if rival increase their weight of advertising compared to yours.

Interactive

Advertisement on the Internet makes it simpler to measure the impacts of advertising on product awareness and use, as per Paul A. Pavlou and David W. Stewart in the "Journal of Interactive Advertising." When consumers tap on your online advertisement to get further product information, you can measure the success of a campaign in terms of the number of responses. If consumer, purchase the advertised good on the web, you have a direct measure of campaign impact on product use. Factors influencing the liking of an online advertisement

Agrees With Beliefs

Likeability ordinarily includes the intellectual and emotional impacts that shape how individuals process data. These impacts are regularly based on whether the data agrees with an individual's belief system, which depends on his values. Values guide how individuals interpret their outer surroundings inside the setting of non-negotiable principles, for example, true versus false, right versus wrong and pleasing versus annoying. Likeable advertisements will in general agree with what individuals accept to be valid as per their values. Advertisements that challenge belief systems or values risk alienation. For example, advertisements that commend "the good life" may not be preferred by consumers who practice moderation and thrift.

Feels Good

Affective impacts are the emotional characteristics of an advertisement that cause individuals to feel better. In a study of advertising research writing over a

10-year time span named "Impacts of Advertisement Likeability in a decade

Perspective," the authors founded four normal features that cause individuals to have a decent outlook on advertising: The advertising is entertaining, of individual significance, has clarity and is satisfying.

Advertising Recall

For likeable advertising to be effective, the advertised brand should be remembered. In its Jan. 28, 2008, release, "Advertising Age" referred to a Nationwide Insurance business featuring the worldwide style model Fabio to act as an illustration of a business that had high diversion esteem however unremarkable outcomes: A small 4 per cent of consumers remembered Nationwide as the advertised brand. Millward Brown saw that numerous effective advertisements regularly use a dual strategy of joining an emotional appeal with a rational message. This balances feel-good factors with intellectual agreement. "Advertising era" gives one way to achieve this balance is to make the brand the "punch line" the main - of the advertisement rather than treating the brand as reconsideration.

Advertisement and consumer prices

Advertisement is costly and in thus raises the expense of products, but it may encourage competition that keeps prices down. This section resolves the old question and information from a characteristic analysis achieved by charge harmonization in Austria. It contends that on normal advertising decreases consumer prices and estimates that if the 5% tax were abolished, consumer prices would decrease by about 0.25 rate points. There is an old discussion in financial hypothesis, which returns essentially to Marshall (1919), regarding whether advertisement increases or decreases the prices of consumer products. Some have contended that advertising gives data to advertisers, like data on costs or the presence of products. This information increases the level of competition in a market, and thereby lowers consumer prices. Then again, there is the view that advertisement changes the preferences of consumers, for instance by moving demand curve outwards, increasing monopoly power of brands or decreasing elasticity of substitution. This effect of impacts should prompt an increase of market prices. These various impacts of advertisement have been called, individually, the 'informative' and 'persuasive' impact of advertising. The differentiation is applicable for policymakers that consider taxing or banning advertising

of specific goods, as a case could be made to tax basically products for which the convincing effect dominates. Then again, informative advertising might be welfare increasing and some models even suggest that a subsidy for informational advertising would increase welfare.

Existing empirical evidence has exhibited that prices of different goods react to changes in advertisement costs differently. For instance, advertisement seems to decrease costs for eyeglasses (Kwoka 1984), drugs (Cady 1976), while it increases the supply price in brewing industries (Gallet and Euzent 2002).

Does Advertising lead to Higher Sales

Much research has analysed the extent, assuming any, to which advertisement influences Sales. This research has been conducted in several contexts, including at firms (Anheuser-Busch, Campbell Soup), at showcasing research firms (IRI), and by academics. There are some conclusions that can be found, and these are outlined in a book by Gerard Tellis (1998, Advertising and Sales Promotion Strategy, Addison-Wesley). However, note that a large number of conclusions depend on mature product categories. Thusly, advertising may not be just about as effective as different parts of the advertisement blend. General discoveries from advertisement studies incorporate the accompanying:

- Decreases in the level of advertisement don't lead a quick decrease in sales.

An increase in the level of advertisement without help from anyone else doesn't lead an increase in sales.

- On average, a big part of all continuous advertising campaigns are ineffectual.
- Changes in the creative, medium, target portion or product itself sometimes lead to change in Sales, despite the fact that increase in the level of advertisement alone don't.
- When advertisement is effective, it is effective either early on or never.
- When advertisement influences sales, its effect isn't enormous and is a lot more modest than that of cost.

Conclusion

There is a relationship between consumer's state of mind and advertisement. By watching advertisement consumer are getting impressed and demand for particular product. A consumer who is aware of product data and truth behind the advertisement are very rarely think practically. They can easily change their brand without any hesitation. Many consumers between various age groups are shown to purchase product only by believing advertisement and personality factors/celebrity endorsement are main motive to shift one brand to another or increasing demand for new product. Advertisement may fulfil demand for product but not created demand as much as possible.

Only 30% to 50% consumers think about the factors such as their Income, price of the goods, Expectations, tastes, and preferences and mainly financial conditions by himself. Then we can call that consumer as “**Discretionary consumer**”

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