



TV ADVERTISING - AS AN EMERGING INSTRUMENT IN FMCG INDUSTRY

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Abstract

Advertising is a tool to make the customer aware about the product and providing information. This article explains the massive role of the Television advertisements in the Fast-moving consumer goods (FMCG) Industry. Here the supportive reviews collected and the important annual reports were discussed. Few experts of marketing field revealed the massive role of the TV advertisements and how it is working effectively than the other media advertisements.

Key Words: *Advertising, Fast-moving consumer goods (FMCG), Television, Customer.*

INTRODUCTION TO FMCG

Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, over-the-counter drugs, toys, processed foods and many other consumables. The term was coined by Neil H. Borden in 'The Concept of the Marketing Mix' in 1965.

FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs—such as meat, fruits and vegetables, dairy products, and baked goods—are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks, and cleaning products have high turnover rates.

Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is probably the most classic case of low margin and high volume business.

ADVERTISING

Advertising can be defined as any non - personal presentation and promotion of ideas, goods or services by an identified sponsor (Keller, Apéria and Georgson, 2008). It is usually communicated through various media channels, such as television, radio, newspapers, magazines, internet or billboards, and it intends to persuade potential customers to purchase a certain product or service. According to Phillip Kotler (2003), advertising is the most popular marketing communication tools because it is widely used in all business sectors. Terry Flew (2002), defined advertising as, 'The way in which the mass media in all of their forms affect the way the audiences act and behave in their daily lives'. The forms of media include television, films, songs and other similar forms. (Flew 2002,). Advertising has been perceived from divergent viewpoints, some of which are positive and others negative. Wright, Winter and Zeigler (1982) (cited in Akpan, 1996) describe advertising as "ubiquitous ... brash ... pervasive ... materialistic ... dynamic ... annoying ... indispensable ... fascinating ..." This view provides a somewhat balanced appraisal of advertising, with both positive and negative attributes. Ogilvy (2005) notes that "the trouble with most advertising is that it insults the intelligence of the public and bores you to death."

REVIEW OF LITERATURE

H.W.Hepner aptly points out Advertising stimulates competition. It often enables the small businessman to compete with large concerns as well as to start new business. Nothing except the mint can make money without



Advertising. Mass production and Mass distribution totally depend on all forms of Advertising. According to Sherlekar, 'in India Marketers in the near future will have to acknowledge duly the widened role of marketing viz the creator and deliverer of better standard of living to our population'. Today marketers are still revolving around production – oriented and sales - oriented older concepts of marketing and give only lip sympathy to consumer oriented, new Marketing concept. Frank Jefkins says the combination of Advertising and Marketing, that is making things that can satisfy customers, has consistently expanded choice and raised standard of living. According to him the customers are wheels of industry, which have to be, kept turning, and Advertising is the lubricant. Advertising needs no apologist. It is as essential to industrial society as Oxygen is to Human Beings. We cannot buy what we know does not exist. We are capable of forgetting of what is not told to us over and over again. It is worth considering a statement made by Professor John Howard, a lecturer who was appointed by the US Government to analyze testimony given at Federal Trade Commission hearings on American advertising, and quoted in campaign. He said 'There is a great difference between what the advertising Industry calls persuasion and what many people see as manipulation, confusion and exploitation of the consumer'.

In India fast moving consumer goods (FMCG) category has witnessed an outburst of sales promotion activities in the post-liberalization era. In the U.S. context several aspects of consumer perceptions of deal frequency and deal prices have been studied (Aradhna Krishna, Imran S. Curriuun and Robert W. Shoemaker 1991). Whereas Page Moreau, Aradhana Krishna, Bari Harlam (2001) studied differing perceptions with respect to price promotion from the point of manufacturers, retailer and consumers. Effects of promotions on variety seeking and reinforcement behaviour have also been studied. (Barbara Khan and Jagmohan Raju 1991).

Advertising's effectiveness lies in its capability to help stimulate or maintain sales (Eachambadi 1994; Mantrala, Sinha, and Zoltners 1992; Naik, Mantrala, and Sawyer Sethi 1998; Vidale and Wolfe 1957). Thus, advertising is frequently used as an independent variable in explaining changes in sales (Lilien 1994). As a promotional strategy, advertising provides a major tool in creating product awareness and condition the mind of a potential consumer to take final purchase decision. As advertiser's primary mission is to reach potential customers and influence their awareness, attitudes and buying behavior (Ayanwale et al., 2005 and Adelaar et al., 2003). Ayanwale et al (2005) conducted research on advertisement of Bournvita, he found as advertising has a major influence on consumers' likeness for Bournvita food drink.

Advertising is about striking the right note on those chords of the brain that most often are in sync with the heart. When this happens, a need is generated and brain directs to buy, be it a product or a service or an idea. Indian advertising too follows this rule but here age-old advertising trends are still thriving along with the latest innovative trends. According to American Marketing Association Advertising is any paid form, non - personal presentation of ideas, products and services by an identified sponsor. According to J.J. Burnett Advertising is the non-personal communication of marketing related information to a target audience usually paid for by the advertiser and delivered through mass media in order to achieve the specific objectives of the sponsor.

In fact the seeming growth of many advertising industries is instructive of the fact that, complex and uncertain business environment has led many organizations to devise multifaceted approaches to market their products and services through various techniques of advertisements. Moreover, the essence of being in business by a ny business outfits is to produce for sales and make good profits. Therefore, the hallmarks of remaining in business as a profit oriented organization is to generate enough sales from its product or services not only to cover operating cost but also to sustain the future of the organization. Indeed, for many organizations, sales estimates are the starting point in budgeting or profit planning (Ayanwale, Alimi, and Ayanbimipe, 2005). Despite moderate global growth in advertising spending, fast - moving consumer goods (FMCG) companies continued to invest—and invest more.



THE INDIAN FMCG INDUSTRY IS POISED TO GROW IN THE COMING YEARS

The overall fast moving consumer goods (FMCG) market is expected to increase at a compound annual growth rate (CAGR) of 14.7 per cent to US\$ 110.4 billion during 2012–2020, with the rural FMCG market expected to increase at a CAGR of 17.7 per cent to US\$ 100 billion during 2011–2025. Rising incomes and growing youth population have been key growth drivers for the sector. Brand consciousness has also aided demand. It is estimated that First Time Modern Trade Shoppers (FTMTS) spend will reach US\$ 1 billion by 2015. The industry has witnessed healthy foreign direct investment (FDI) inflow, as the sector accounted for 3 per cent of the country's total FDI inflow in the period April 2000 to October 2013. Organised retail share is expected to double to 14–18 per cent of the overall retail market by 2015, according to research done by IBEF on Indian FMCG industry. With such prospects, this sector bets big on advertisements. Each year, thousands of crores of money goes in promoting FMCG product, but does print always get a smaller ad pie.

SIGNIFICANCE OF TELEVISION ADVERTISEMENTS

There is a reason why print is lagging behind in terms of FMCG advertising in comparison with TV. Suresh Srinivasan, Vice President, The Hindu stated, "TV largely functions with reach and cost effectiveness. It helps to give a better ROI of the product if advertised on TV. TV ads impact on a pan India basis at a single time and easily hits the emotional chord of the viewers and easily persuade them while in this case newspaper fails to do so." FMCGs have a few basic requirements - to announce, to engage, to sustain/remind consumers to buy their products on the next purchase occasion. The communications for FMCG brands are mostly emotional and less informative. When information has to be given, it's often not topical nature, it's more educative.

Magazines might play a more crucial role for some FMCG categories rather than newspapers. For announcement it may still be interesting to look at newspapers. Learning from some FMCG clients at Madison shows merit for newspapers but the role drops after the initial/one time use.

Activations for FMCG brands where consumer involvement and participation is sought are another type of communication where Madison has found newsprint to be extremely effective for its clients. Ruby Bana, Chief Strategy Officer, Madison Communications said, "Most FMCGs are in the mode of just reminding the consumers and sustaining or cost efficiently increasing market share. TV fits right in on this agenda.

Our aggressively growing FMCG clients on the other hand use multimedia much more, this includes Digital as well as Print. Madison bespoke researches on the role of media across various audiences and 18+ categories over the last 2-3 years have pointed out one truth - that TV ad and word of mouth are the most powerful mediums. TV helps build and sustain awareness and brand imagery, however the intention to buy is linked directly to Word of Mouth. As a media agency we know in India TV still is the most cost efficient medium."

She further added, "However the other interesting thing we observed across categories is that the gap between the highest spenders on TV ad recall and the 3rd/4th highest spender across categories was nonexistent or very small and certainly not in line with investment on TV, and often these 3rd /4th brands were growing at a much higher rate than the lead brand." Hence the challenge for FMCG brands is to know at what point TV expenses do not lead to incremental results, the trick is to know this point and start engagement led activities to build word of mouth, Bana explained. When asked about what is lacking in print she said, "The answer is simple. Print can play a role as far as creating topicality and talk-ability is concerned. Print helps shape opinions much more powerfully and with an important audience. If print can figure out innovative ways of extending this benefit to FMCG client's communications, rather than simply catching up for share of ad spends they will have an indisputable place in the FMCG brands communication plans."

As per Arun Sharma, VP, IPG Mediabrands, "The two most important criteria of TV advertisement for FMCG are reach and cost efficiency. The products don't cost much and reach the masses, while Indian females are more



inclined towards TV rather than newspaper. This medium is used by FMCG advertiser by using best audience in the mind.” He also pointed out, “Lately there has been a change and FMCG has also started taking print. But that is for special occasions only. If there are any new launches they will book front pages or back pages.”

CONCLUSION

The review studies and the top leaders ensure that the Television advertisements are the effective way to reach consumer heart than the printing and other media. The advertisements are most effective in television and the ambassadors elected for the FMCG brands are very catchy. The predominant choice to reach the customer is the television advertisement which the better instrument is proved.

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