

Effects of Advertising on Consumer Buying Behaviour: With Reference to Demand for Cosmetic Products in Bangalore, India

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Abstract

The study seeks to examine the effects of advertising on consumer buying behaviour considering demand for cosmetic products by residents in and around Nagarabhavi, Bangalore. Using a sample of 100 respondents of mostly the young, we ran regressions and found that advertising does influence expenses incurred on cosmetics products but much influence on the purchase of cosmetic products results from one's income or pocket money available, and other factors like price of the product, the brand and other people's recommendation concerning the product.

We concluded that, advertising satisfies the needs of the firm and the wishes of consumers. Its role cannot be replaced by any other means. Therefore firms must strategize and know when and where they should advertise. The consumers need to be informed about products and until that is done, the products of firms will still be in stores with no demand for them.

JEL Classification: M37, D12

Keywords: Advertising--impact, Consumer behaviour--Bangalore, Cosmetic products—demand, Cosmetics demand—Bangalore

1.0 Introduction

Consumers are final end user of products. They keep the production cycle moving. Consumers do play a vital role in the economic system of any nation, thus, any nation will face crisis if consumers don't have the effective demand for goods produced.

Consumers demand different commodities based on their taste and preference for them. Awareness of good influences consumers purchase of that good. Other factors that influence one's taste and preference for a good are psychological and environmental. Taste and preference for a good change overtime. Awareness of a product, thus, advertisements, play a role in influencing the taste and preference of consumers' choice.

Consumers are known to be rational with regard to their purchases, wanting to maximize their satisfaction when it comes to consumer goods. A consumer will therefore not purchase a commodity whose price is above the additional satisfaction that he derives from the good. How much of a good demanded, depends on the satisfaction the consumer gains from spending extra money on the good. Rational consumers will spend on a good till their gains equal the cost they pay for the product. Thus where $MU_p = MC_p$ (Sloman and Wride, 2007)

Advertising is the mass publicity of a product. It involves creating awareness of a product's uses and benefits to others. Doing this makes a product available to those in need of them and this satisfies the needs of the advertiser; increasing sales.

According to Cohen, advertising is a business activity that employs creative techniques to design persuasive communication in mass media that promote ideas, goods, and services in a manner consistent with the achievement of the advertiser's objective, the delivery of consumer satisfaction and the development of social and economic welfare. (Cohen, 1988)

From Cohen's definition, it can be found that advertising satisfies 3 objectives; to increase sales of the firms, to guarantee consumers a great deal of service and finally to ensure the social and economic welfare of society.

Advertising is seen in various ways. One encounters them mostly while watching television, reading magazines and newspapers, surfing the internet, and on the radio or even simply while walking down the street (Sharma and Sharma, 2009). Advertising has thus, a stimulating influence on the purchasing behaviour of the consumers.

Advertising are most effective on products that have intrinsic qualities. These qualities are not known at the time of purchase and it takes one to discover this upon using the product. Also, when there is a substantial chance of differentiating a product, it best suits to advertise on that product. Again, when there is a strong emotional purchasing motive such as to protect health or enhance social position, it pays to advertise on such a product. These conditions make the demand for the product more inelastic. The more emotions consumer attach to a product, they more they tend to be insensitive to its price. This is of importance to firms as they can earn high sales in pricing their products (Borden, 1942).

Advertising on food, clothing, durables and household items tend not to yield higher sales. Consumers are not affected much by the publicity on such items as they consume such products on a daily basis. The higher the consumption of a product, the less effective is advertising on them. Advertising thus tend to have a less marginal effect on such items (P. Doyle, Nov., 1968)

Advertising has a long term dynamic effect on consumers' purchase and sales of producers. A firm's reason for

advertising is to create awareness of a product. This has effect on current and future sales of firms as consumers tend to respond to the advertisement in the long run. This dynamic effect of advertising explains that firms usually advertise a product the most at the entry. (Sharma and Sharma, 2009)

Producers often advertise their product with the intention of increasing their sales which allows the firms to gain economies of scale and keep prices down. It also makes their products well known on the market. Also, advertising is necessary when introducing new products on the market. Without it, firms would find it difficult to break into market in which there are established brands. (Sloman and Wride, 2007)

Advertising increases output, but increased output in turn increases production cost and this must be taken into consideration when comparing the cost and benefit of extra money of advertisement. The correct decision is to increase advertising until the marginal revenue from an additional money from advertisement, is just equal to the full marginal cost of that advertisement. That full marginal cost is the sum of the money spent directly on the advertisement and the marginal production cost that results from the increased sales that advertisement brings about. Thus the firm should advertise where $MR_A = MC_A$. (Pindyck and Rubinfeld, 1995)

Indian consumer market is one of the fastest growing markets in the world with a very high increase in the demand for luxury goods and personal care products. According to reports by Beauty Mart, the personal care products specifically, the beauty industry in India, is growing at a rate twice that of the US and Europe. The cosmetics market alone is growing about 15% to 20% annually, making it the right place for investors to channel their resources. The cosmetic products market have seen a 60% growth over the past five years. (Beauty Mart, 2013)

The quest of this research was to find if this massive growth in the cosmetic market is as a results of the advertisement made on the cosmetic products or other factors.

As stated previously, advertising affect products that are believed to have an intrinsic quality that is not known at the time of purchase. One of such products is cosmetics. It is for this reason that we have chosen this product as a case study.

1.1 Statement of the problem

Advertising is essentially to fulfil the traditional desire of firms to reach the ever increasing population so that their products may receive optimum exposure. The role of advertisement; to increase sales revenue and profits of the local firms and increase the demand for goods, has been falling apart. (Sundarsan, 2007). Most increase in product sales, especially, cosmetic products have been attributed to other factors like taste; long term use of a product and users unwillingness to switch products. This has raised numerous questions as to why cosmetic firms still do advertise their products.

Advertising has been a subject for debate either on one pretext or another for decades at the beginning of the 19th century. People showed little interest but it later became a fertile topic for research at the turn of the 19th century. (Sharma and Sharma, 2009).

This study therefore seeks to find out the role advertising play in the consumer buying behaviour of cosmetic products with emphasis to its users in and around Nagarabhavi, Bangalore.

We are considering cosmetic product because we believe it satisfies the conditions of commodities on which it is effective to advertise. There are a lot of cosmetic products which are differentiated but serve the same purpose. Again these products are believed to have intrinsic qualities which can only be known after it has been used and lastly, some consumers attach strong emotions to the end products of these good and use it to improve their social status.

1.2 Objectives

The general objective of the study was to find out if there is any effect of advertising on consumer buying behaviour of cosmetic products in Bangalore.

In our quest to achieve the general objective, the following specific objectives were set and formulated to guide in data collection and analysis:

- i. To know the extent to which purchases of consumers are based on advertisement.
- ii. To find the age and social group that is influenced by advertised cosmetic products.
- iii. To find out the motives and reasons of consumers for demanding advertised cosmetic products.
- iv. To know the other factors influencing consumer purchase besides advertisements

The study continued with review of literature on advertising and the consumer buying behaviour. It then followed with the methodology employed in the study. The findings and results were then presented which was followed by conclusion and recommendations for cosmetic firms.

2.0 Literature Review

In reviewing previous works on the subject matter, so many views cropped up with others adding new knowledge to the subject.

2.1 Issue of Advertising in Economics: The Overview

Advertising has been a subject discussed over centuries ago, but prior to the 20th Century, this subject was not as

important as it seems now. The reason been that, in the 19th century, economist were busy trying to develop the theory of perfect competitive markets, this theory assumed that, there was perfect information in the market and that, consumers had fixed preference for their products which were homogenous in nature. It was then thought of as a waste of resource and an increase in cost of production for one to advertise on products because consumers were not in any way going to respond to that. (Bagwell, 2001)

Also, there was no large scale production until the late 19th century when numerous inventions cropped up. The advancement in transportation and technology, made producers rethink their decision to improve their capacity and thus, ensure publicity of their products. (Bagwell, 2011)

After these happenings, advertising then became an important area for economist to research into. An early reflection was given by Alfred Marshall (1890, 1919). In his works, "Principles of Economics" and "Industry and Trade". He marks out two roles played by advertising. To him, advertising might be useful in providing information to consumers which will help them satisfy their wants. He termed this as a constructive role played by advertising. The second role he calls a combative role played by advertising may provide less information to consumers leading them to shift among products. Marshall gave an insight to the role of advertising but less can be said of its fusion to microeconomics. (Bagwell, 2011)

Chamberlin in his work "The Theory of Monopolistic Competition" came up with new ways of looking at advertising. He modelled the expenditure of a firm as a "selling cost" that expands a firm's demand for a differentiated product. In his work, he describes a market structure in which there are many firms producing and selling similar but not identical products. In this market, Chamberlin believes that advertising may provide consumers with information about their wants but also adds that, it can be persuasive and alter one's demand for another. Advertising when informative makes consumers responsive to price changes and thus increases the demand elasticity for the product but a persuasive advert will create brand loyalty making the demand for a good inelastic (Bagwell, 2011).

Scale economies play a central role in Chamberlin's work and he believes that, such economies may exist in production and advertising as well.

Chamberlin then concluded that, the effects of advertising cannot be determined by theory alone, thus where a firm's demand curve is tangential to its U-shaped average cost of production and selling, but by also considering the extent to which advertising is whether informative or persuasive and also whether scale economies exist. (Bagwell, 2011)

After this insight by Chamberlin, there came into existence three views of advertising; persuasive, informative and complementary.

The persuasive view developed by Robinson and later advanced by Braithwaite (1928) and Kaldor (1950), and empirically supported by Bain (1956) and Comanor and Wilson (1967) holds that, advertising affects one's demand and it is capable of ensuring brand loyalty. This view adds that, advertising makes demand for a product inelastic and thus ensures increase in the price of the product and this effect might lessen as a result of scale economies. The view also adds that, consumers are unwilling to try new products especially those of unknown quality and this may deter entry of new producers. These scholars agree that, this view of advertising will only work in the presence of scale economies in production.

The informative view of advertising, propagated by Ozga (1960) and Stigler (1961) holds that, advertising serve to inform consumers about a product. They add that, advertising increases the demand elasticity for a product and this happens because, it is believe by these scholars that, as information of a product is given, it is assumed the product is of high quality and this can even increase the demand for products which is of low quality in general.

There is the complementary view of advertising which is developed by Stigler and Becker (1977) and thoroughly defended by Stigler and Murphy (1989). This view believes that, advertising influences consumers by attaching a "complementary influence in the consumer's utility function" (Bagwell 2001). It might be that, a consumer would like to attain some status in society and using a certain product is capable of achieving this. What this view means is that, the consumer, in his quest to achieve this social status will be influenced by this advertising. These views make us understand the different phases through which advertising has gone and we now know the areas through which advertising works perfectly.

2.2 Advertising and Consumer Behaviour

A firm's primary mission is to reach prospective customers and influence their awareness, attitudes and buying behaviour. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The firm's goal is to get enough relevant market data to develop accurate profiles of buyers to find the common group for communications. This involves the study of consumer behaviour (Arens, 1996).

Proctor et al. (1982) noted that the principal aim of consumer behaviour analysis is to explain why consumers act in particular way under certain circumstances. The study tries to determine the factors that influence consumer behaviour, especially the economic, social and psychological aspects which can indicate the most favoured

marketing mix that management should select.

Consumer behaviour analysis helps to determine the direction that a consumer's behaviour is likely to take and to give preferred trends in product development, attributes of the alternative communication method etc.

Consumer behaviour analysis views the consumer as another factor of production, a factor that producers cannot control and this factor interprets the product or service not only in physical terms, but also according to their social and psychological makeup.

Incorporation of this knowledge in any firm's decision will ensure a greater satisfaction of the firm's objective. Most views have cropped up as to maintaining a sustained profit and it is when firms adopt to the new order of making consumers a part of their daily decision, other than just selling products to them, will firms achieve this target. Firms in achieving this state have a greater gain in advertising their products.

2.3 The Indian Buying Behaviour

The Indian consumer buying behaviour has seen tremendous growth over the past years. This can be attributed to the high growth in the middle class in the country. This increase in the middle class has resulted in increased demand for luxury and personal care products. Many foreign firms and entrepreneurs have noted the increase in the demand for goods and have ensured increasing supply of these goods to consumers. A lot of foreign companies moved into the Indian market after the liberalisation of trade and there have been massive increase in job opportunities and income resulting in high demand for goods and services.

The rise of companies after trade and liberalisation in the 1990s, saw most cosmetic firms enter India with local ones gaining grounds from partnerships. Consumers have since then increase their demand for products of these cosmetic firms. It is in this steady growth that the Associated Chambers of Commerce and Industry in India, ASSOCHAM (2013) estimated the Indian cosmetic market to be \$50 billion. The high demand in cosmetic products has been a great deal for firms and the Indian market has also benefitted from the products provided by these firms.

ASSOCHAM has also found out that, there is increase in the buying behaviour among the youth in India especially with regard to personal care products. They attributed the increase in the female spending on cosmetic products to an increase in female employability and females being bread winners in their families. They also found out that, men on average spend more on cosmetic products than women, with the men spending averagely about Rs.1000 - Rs.5000 on cosmetic products monthly. This, they attributed to men's demand for decent hair care, deodorants and razor blades. The high increase in the spending on cosmetic products is as a result of the youth in India being conscious of their bodies and looking for products to enhance their physical appearance. With an increase in the level of literacy and the influence of the media, there has been a greater influence on the spending of males in particular (ASSOCHAM, 2013)

This high growth in demand for cosmetic products makes it worthwhile researching this area to know the motives behind consumers purchase and factors associated with their purchase.

2.4 Empirical Review

Finding the relationship between advertising and buying behaviour empirically, Ekelund and Gramm (1969) in studying "A Reconsideration of Advertising Expenditures, Aggregate Demand and Stabilization" concluded that, there is no positive relationship between advertising and aggregate consumption.

Taylor and Weiserbs (1972) in studying the relationship between advertising expenditure and aggregate consumption using Houtakker-Taylor model revealed that, there is a simultaneous relationship between advertising and consumption but not a unidirectional. Thus, advertising and consumption seem to work on each other.

Dr. Abey P. Philip (2007) in his study of "The Relationship between Advertising and Consumption in India: An Analysis of Causality" made use of unit root test, cointegration and error correction model and found out that, fluctuations in advertising expenditure positively impacts consumption expenditure.

Sharma and Sharma (2009), using Fixed Effect Model of Panel Data Analysis for 134 companies, found in their study that, besides advertising, factors like company's brand, quality of the product and company's reputation affect the sales of a company.

Dr. Naveen Kumar et al. (2011), using mean and standard deviation, in their study of advertising and consumer buying behaviour with special reference to Nestle Limited, India found that, advertising and sales promotion together with the image of a company influence the consumer buying decision. They added that, the quality and price of a product also influences a consumer's purchase of a good.

Banerjee et al (2012) found evidence of cointegration between marketing communication and sales in the personal care industry in India.

Bin Junaid A. et al (2013) found in their study of female buying behaviour of cosmetic products in New Delhi and NCR that, as income of females increase, their purchase of cosmetic products also increase. They also, added that, this increase in expenses on cosmetic product is made possible by the advertisement made on them.

ASSOCHAM (2013) in a survey of 2000 youth in major cities in India found that, there is a high increase in the consumption of cosmetic goods among the youth. They added that, men on average spend more on cosmetic

products than their female counterparts and attributed this increase to the awareness created on the products.

2.5 Research Gap

From literatures reviewed, we can say that, indeed advertising has a positive effect on the purchase of consumers and it positively influences the sales of companies.

We found that most work done in the subject, found out the effects of advertising on companies' sales using various econometric tools. Little can be said of work done on the consumers' side using econometric analysis.

Also, most reviewed literature made use of descriptive statistics thus, measures of central tendency and dispersion which didn't give any empirical evidence as to how much effects advertising has on consumer buying behaviour. It is therefore a necessity to have this research done.

3.0 Methodology

The study was to find the effects of advertising on consumer buying behaviour of young men and women with a special case of users of cosmetic products in and around Nagarabhavi, Bangalore.

The methodology used to help us with the research, shows how the research was carried out taking into consideration available resources and limitations.

3.1 Study Area

The study area for the research was Bangalore, which is the capital city of Karnataka State. It is in the Southern part of India. Most respondents were people in and around Nagarabhavi, which is a suburb of Bangalore.

3.2 Sample Size

The sample size for the study was 100 youth respondents who reside in and around Nagarabhavi, Bangalore. From previous studies it is revealed that most consumers of cosmetic products are young men and women in India (ASSOCHAM, 2013) and based on this revelation, we selected this group to have our objective achieved.

3.3 Sampling Technique

The sample techniques selected in administering the questionnaire were purposive sampling, and snowball sampling. Purposive sampling was used considering mostly the youth in the area as found in previous studies, the snowball sampling was used to get easy access to cosmetic product users and ensured faster gathering of information.

This sample was chosen bearing in mind the constraints and the limited resources. Using the snowball sampling technique, an online questionnaire, created with Google Forms was administered to some people in and around Nagarabhavi. This was to get responses from mostly females. It was difficult for males and especially a foreigner to have females respond to the questionnaire.

3.4 Source and Type of Data

The sources of data were primary data, collected from respondents in the study area, observations and interviews conducted with respondents and sales managers.

There were unstructured interview with sale managers of cosmetic products at 2 different malls in and around Nagarabhavi, Bangalore. We found out from the managers, how consumers reacted to goods advertised, factors they considered before making purchase and the reasons behind their purchase of these goods.

Sales managers also gave us information on the brands most patronised by consumers of cosmetic products. They also gave us the proportion of brands that make up most of their monthly sales.

Observations of the consumers were made at these two Malls as they purchased cosmetic products. We interacted with them when they were done filling the questionnaire.

The information collected through the issued questionnaire, interviews and observation gave us a clear understanding of the buying behaviour of the youth on cosmetic products and which factors they considered in their purchase.

3.5 Research instrument

Questionnaire was the main device used in the collection of data. Primary data were used. Primary data are the pieces of information elicited from respondents which were directly related to the research topic.

The questionnaires contained structured questions with the main aim of eliciting information on the effects of advertising on consumer's purchase. The questionnaire was structured with closed ended questions and open ended questions. The closed ended questions made it easier to compare the views of the respondents. It also provided standardized responses and made coding easy. The open ended questions gave the respondents more room to express their views and opinions, answer questions in their own way and give suggestions where necessary. It also gave us different views from the respondents and quantitative information on the monthly income or pocket money and expenses made on cosmetics. Using the data from the consumers assisted us to process the information needed and to test the information empirically.

The questionnaires were made up of list of questions relating to the objectives of the study. The questionnaire was made up of two sections; demographic data and those relating to the study. Each of these sections focused on specific issues that relate to the research question. The questionnaires were administered with greater assurance of confidentiality, anonymity and convenience.

3.6 Data Collating/Processing

The collected data was then collated and analysed using SPSS and STATA. These are statistical package tools used for presenting and analysing data. Using SPSS, we found the descriptive statistics of the data and presented them in graphs. We cross tabulated some variables like age and sex, advertising effect and sex among others. This was to find out which group had advertising influencing their purchase of cosmetic products.

Using STATA, we ran a regression of expenses on cosmetic products on income of consumers, advertising, price, brand, and recommendation influence on consumers.

Using qualitative data made it easier to know and observe the behaviour of consumers of cosmetic products. To achieve our objectives, this data helped us know which among the social groups are influenced most by advertising in their purchase of cosmetic products and also to what extent their purchases are affected by adverts as well. Also, the data gave us most of the qualities consumers look out for before making purchases like the price, income and others recommendation.

3.7 Regression Model

The regression model that was ran using STATA was

$$EXP = \beta_1 + \beta_2 \ln_INCOME + \beta_3 Da + \beta_4 Db + \beta_5 Dp + \beta_6 Dr + \varepsilon$$

Where EXP = Expenses on cosmetic products and which is the dependent variable.

\ln_INCOME is the log of income of consumers, which is the covariate of the model

Da is the dummy for those influenced by advertising.

$Da=1$, when respondents are influenced by advertising, $Da=0$, if otherwise

Db is the dummy for those considering the brand of cosmetic products.

$Db=1$ when one considers brand of cosmetics products, $Db=0$, if otherwise

Dp is the dummy for those considering the price of a cosmetic product.

$Dp=1$ when one considers price, $Dp=0$, if otherwise.

Dr is the dummy for those influenced by others recommendation in their purchase.

$Dr=1$, when one considers others' recommendation, $Dr=0$, if otherwise.

β_1 is the intercept or benchmark for those who aren't influenced by advertising, price, brand and recommendation from others in their purchase.

β_2 is the slope coefficient of income showing the absolute change in income on expenses made.

$\beta_3, \beta_4, \beta_5, \beta_6$ are the differential intercept coefficients of those influenced by advertising, brand, price and other's recommendation.

ε is the error term factoring other factors that affects the purchase of cosmetic products but are not considered in the model

The log of income or pocket money was used to correct any biasness in the data and make it easier to explain and understand.

It would have been appropriate to estimate the price elasticity for cosmetic products, however it was not possible to include the actual prices in the model since information on that was not provided for in the questionnaire hence introducing a dummy for how price influences customers' purchase was the best option. This was because, consumers purchase different products even within the same brand, hence using the prices of different products would be difficult for the study.

The dummies were used to know how consumers rate these factors before making a purchase. Since the study is on consumers' behaviour in purchasing cosmetic goods, factoring these qualitative variables was essential.

3.8 Hypothesis testing

The hypotheses of the regression model were then tested to know empirically, the effects of advertising on consumer purchase of cosmetic products. Other variables in the model were also tested. The null and alternate hypotheses formed were;

H_0 : advertising has **no** influence on the consumer's purchase of cosmetic products

H_1 : advertising has influence on the consumer's purchase of cosmetic products

H_0 : income of consumers has **no** influence on the consumer's purchase of cosmetic products.

H_1 : income of consumers has influence on the consumer's purchase of cosmetic products.

H_0 : price of a product has **no** influence on the consumer's purchase of cosmetic products

H_1 : price of a product has influence on the consumer's purchase of cosmetic products

H_0 : Others' recommendation has **no** influence on the consumer's purchase of cosmetic products

H_1 : other's recommendation has influence on the consumer's purchase of cosmetic products

H_0 : Cosmetic brand has **no** influence on the consumer's purchase of cosmetic products

H_1 : Cosmetic brand has influence on the consumer's purchase of cosmetic products

4.0 Data Findings and Analysis

After collating the questionnaires administered and the observation and interview conducted, the following were the findings.

4.1 Observation and Interview.

Table1.0

	Consumers		Sales Managers	Total
	Men	Women		
Total Number of Observation	10	15	-	25
Total no of Interviews conducted	8	10	2	20

From 25 observations on consumers, we came to understand that, men and women go in for cosmetic products for various reasons and are influenced by advertising through various means.

We observed and interacted with 10 females who use cosmetic products and they stated that their reason for using them were to be confident and elegant. According to them, the mere thought of other's recognising their physical looks boost their morale and makes them give their best. They added that, they are loyal to a brand of cosmetic product they have been introduced to it by their family, particularly their mothers and do not consider changing those brands for any other, irrespective of the adverts made on those products. Some are price sensitive to cosmetic products and do not consider any brand or adverts made on them that much. Thus, they purchase the products that is within their budget. Others also added that, they depended on the recommendation from others. They believed that, the words from their friends about a product really is worth purchasing.

Advertisements on cosmetic products, according to these women, inform them on the essence of using the product and create awareness of the cosmetic products but their purchase of these products is highly influenced by other factors like the quality, brand, others recommendation and price.

Interaction with 2 other females after they are done filling the questionnaire revealed that, they were emotionally attached to the Oriflame brand. Their reason was that, the adverts on the products claimed, the final products are not tested on animals, and to these women, this appeals to them making them patronise the product.

8 men we interacted with were mostly concern about how they wanted to be seen among their peers. Most of these who were single wanted to appear presentable. Most men like to go with a brand they are familiar with, depending mostly on recommendations from their friends even when they have seen an advert of the product on television and the internet. Some men, like the women, were price sensitive; they considered the price at times when purchasing a product.

Some respondents also added that, they admire celebrities promoting cosmetic products. They believe, the mere fact that a 'Superstar' was using the product means, it is of value and worth purchasing. This in a way influences their purchase of the cosmetic products. These celebrities create a certain level of brand loyalty for consumers and some are unwilling to switch brands irrespective of the adverts they see of other products.

From our interaction with two (2) sales managers of cosmetic products at Gopalan Arcade and Garuda Mall all in Bangalore, they revealed that, most customers come with a particular product brand in mind. They purchase those products and do not consider any other. Others also come describing an advert they saw on television. These adverts are mostly of celebrities associating with a brand. Most customers however, were price sensitive and compared prices to know which product is cheaper and of good quality. Some of these customers, the managers added, rely sometimes on the recommendation of sales attendants and the managers themselves.

The managers also revealed that, most female costumers patronise brands like Lakmé from Hindustan Unilever Limited, Revlon and Nivea. They added that, these brands make up most of their sales every month. According to them, they have promotional sales in arrival of new products on the market and the reception they get is always overwhelming.

With the men, the managers revealed that, they patronise products like Garnier and L'Oreal. Some men, according to the managers, use unisex products from Lakmé as well.

Attempts made to contact the Head of Sales Department at Hindustan Unilever Limited were unsuccessful after numerous emails sent and calls made. This was to find out how the company monitor its advertisement on cosmetic products and how they evaluate the impact of advertisement made on their cosmetic products.

4.2 Findings from Questionnaire

The 100 questionnaires were administered and various responses were gathered and processed.

4.2.1 Income and expenditure distribution of respondents

From the data gathered, males made up 50% with females taking the other 50%. Men spent on average, 4.26% of their monthly pocket money on cosmetic products, while the females spend 4.78%.

One remarkable thing noticed in the table is that, the standard deviations of income is more than the mean value. This is as a result of the high outliers in the income with the minimum being Rs. 1,000 and highest being Rs. 100,000. It can also be seen that, most respondents recorded Rs. 5,000 as their monthly pocket money. This can be attributed to most of the respondents being students and having below the mean value as pocket money.

Table II. Descriptive Statistics

	Men		Women		Total	
	Income	Expenses	Income	Expenses	Income	Expenses
Total no. obs	50	50	50	50	100	100
Mean(Rs.)	15596	665	14682	702	15139	683.5
Median(Rs.)	10500	500	5000	500	10000	500
Mode (Rs.)	10000	1000	5000	500	5000	500
Standard Dev.	16844.5	482.7906	17812.84	494.3518	17253.77	486.4846
Minimum(Rs.)	1500	100	1000	100	1000	100
Maximum(Rs.)	100000	2000	80000	2000	100000	2000

4.2.2 Advertising influence on cosmetic products

Out of 39% preferences for Hindustan Unilever products, 29% of the respondents are influenced by advertising when making purchase. 15% out of 20% of users of the Garnier brand are influenced by advertising in their purchase. Nivea has 11% out of 17% of users, being influenced by advertising. In all, 70% of the responses have advertising influencing their purchase of cosmetic products. This percentage is highly remarkable as firms get returns for investment made in publicising their products. Surprisingly, the same number of men and women are influenced by advertising on cosmetic products. From the study, 35% of males and 35% of females have advertising influencing their purchase of cosmetic product, representing 70% of total sample surveyed.

Advertising influence reach a lot of people through different media. Out of the 70% of respondents influenced by advertising, 48% encounter advertising messages on television, 14% from the internet and 8% through the print media. Effective use of these media will ensure increase in the sales revenue of firms.

When we consider the age group of the respondents, advertising has a stronger influence on the purchase of the working group; those within the range of 25-35 years. Thus, 50% of respondents who are influenced by advertising fall in this group, with 48.6% from the age range 15-25 years. This shows that, most people in the working group are responsible for most purchase of cosmetic products. But it should also be noted that, those within the age range 15-25 years should also be factored in the manufacturing of cosmetic products and advertising on them.

As to whether the respondents were satisfied using the product they purchased or not, 61% out of the 70% of those influenced by advertising on a cosmetic products asserted that, they were satisfied with them with the remaining 9% not satisfied using the product. Most of those who were satisfied after using the product added that, their expectations on the products were met and the advertising did really inform them about the product. The remaining 9% who were not satisfied after purchasing the product via the adverts on them added that, the advertisement exaggerated and the products did not meet their expectations as was informed via the adverts. This affirms Marshall and Chamberlin's view on the roles of advertising as being constructive and combative.

4.2.3 Regression Output

Several regression models were ran to know the best functional form in relation to our study. The most appropriate functional form we got was the lin-log model, with the expenses on cosmetic product being the dependent variable and the log of income or pocket money together with other qualitative variables being the independent variables. In estimating this, the following regression was ran using STATA.

$$EXP = \beta_1 + \beta_2 \ln_INCOME + \beta_3 Da + \beta_4 Db + \beta_5 Dp + \beta_6 Dr + \varepsilon$$

After running the regression, upon checks, we realised that, there existed unequal variance thereby resulting in the insignificance of income.

The Cook-Weisberg test for heteroskedasticity was conducted and it revealed that, the chi-square test for the residuals was 8.24 with a p-value of 0.0041, which means rejecting the null Hypothesis, thus, variance is constant. To correct this error so as to make the model

BLUE, we ran a robust regression and the outcome showed that, the test statistic for income was now significant at 5%.

Output 4.1

. reg Expense lnincome Da Db Dp Dr

Source	SS	df	MS			
Model	4774816.42	5	954963.285	Number of obs =	100	
Residual	18655458.6	94	198462.325	F(5, 94) =	4.81	
Total	23430275	99	236669.444	Prob > F =	0.0006	
				R-squared =	0.2038	
				Adj R-squared =	0.1614	
				Root MSE =	445.49	

Expense	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
lnincome	77.12331	41.99456	1.84	0.069	-6.257877	160.5045
Da	409.7348	117.7648	3.48	0.001	175.9099	643.5596
Db	-118.1303	217.0312	-0.54	0.588	-549.0509	312.7904
Dp	205.5358	137.7003	1.49	0.139	-67.87151	478.943
Dr	224.1852	111.7674	2.01	0.048	2.268537	446.1019
_cons	-592.2451	444.6135	-1.33	0.186	-1475.036	290.5453

Output 4.2

Test of heteroskedasticity

. hettest resid

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: resid

chi2(1) = 8.24

Prob > chi2 = 0.0041

Output 4.3

Linear regression

Number of obs = 100
 F(5, 94) = 7.43
 Prob > F = 0.0000
 R-squared = 0.2038
 Root MSE = 445.49

Expense	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
lnincome	77.12331	38.35454	2.01	0.047	.9694786	153.2771
Da	409.7348	82.48144	4.97	0.000	245.9659	573.5036
Dp	205.5358	114.3759	1.80	0.076	-21.5603	432.6318
Db	-118.1303	111.9414	-1.06	0.294	-340.3926	104.1321
Dr	224.1852	103.7664	2.16	0.033	18.15466	430.2158
_cons	-592.2451	373.8965	-1.58	0.117	-1334.625	150.1351

Fitting the regression showed that, a consumer's income was positively related to the expenses made on cosmetic products. The slope coefficient of income means that, an increase in income by 1% will increase the expenses on cosmetic products by Rs. 0.77 ($\beta_2 * 0.01$). This shows that a consumer will increase his or her expenses on cosmetic products by Rs. $0.5(\beta_2 * \frac{1}{\text{mean of income}})$ for a Rs. 100 increase in income. This shows a relatively smaller increase in expenses on cosmetic products for a larger increase in income. Thus a 1% change in income will increase expenditure on cosmetic products by 0.11%. Notwithstanding this, the slope coefficient of income was statistically significant at 5% and it therefore plays an important role when one considers spending on cosmetic products.

Advertising influence has a positive effect on expenses made on cosmetic products. One who is influenced by advertising will spend on average, Rs. 409.73 more on cosmetic products than those not influenced by it. This shows a greater influence of advertising on the purchase of cosmetic products as indicated by 70% of the respondents who purchase cosmetic products. The coefficient of advertising influence is statistically significant at 5% indicating the important role advertising plays on the purchase of cosmetic products.

The recommendation from others also positively influence the expenses on cosmetic products. One who follows the advice of others spend Rs.224.19 more than those who do not. Statistically, this coefficient is significant at 5% and shows that, what other people say of a product positively influences the expenditure made on it.

The influence of price has positive effect on how much is spent on cosmetic products. This shows that, someone who is cautious of price differences will spend Rs.205.04 on cosmetic products. This coefficient is not statistically significant at 5% indicating that, there is no difference between those who factor price when purchasing a cosmetic product and those who don't. It can be added that, consumers do not consider the price of cosmetic products that much if it will serve the purpose they want it to from information gathered through advertising and from others view.

Brand choice interestingly, is negatively related to the amount spent on cosmetic products. Those who considers brand spend Rs. 118.13 less. The coefficient of this variable is statistically insignificant at 5% indicating that, there is no difference on how much is spent on cosmetic products between those who consider a brand of a cosmetic product and those who don't.

All these variables, as shown, have a role to play in the purchase of cosmetic products. They are 20% responsible for the variations in the amount of money spent on them and with an F value of 7.43, all the slope coefficients are statistically significant at 5%. This indicates that, though one might not consider the brand of a product as well as how much is charged on the product, one will be influenced by them together with the adverts seen on them and the advice from others on a product. It can be added that, one will spend on a product if others tell him or her of its quality. This can be seen from our survey that, 99% of the respondents go out for the best products that address their needs and wouldn't worry about the brand or the high cost on the product.

This last model is chosen because it explained the problem better. The variation in income was reduced by taking its natural log and this made the income or pocket money of the respondents statistically significant. Also, most of the variables considered in the regression are significant with a higher R^2 .

5.0 Recommendations and Conclusion

It can be seen from the study that, on average, advertising does have influence on the purchase of cosmetic products and it is a must for cosmetic firms to continue advertising on their products if they require maximum sales. Also, we found out that, though advertising does influence the purchase of consumers, other factors like income and others' recommendation do play a role in one's purchase.

In our study, we had wanted to estimate the effect of advertising on firms' sales as well, but no access to data was the reason why this was not achieved.

Again, we were constraint by time and the resources at our disposal. We will suggest to others to increase the sample size and the study area to know the effect of advertising on consumers' buying behaviour.

From the study, the following recommendations were suggested.

- i.) Advertising works and affects consumers' purchase in the long run. It is required of firms to increase their advertising budget and make advertising lively for consumers to associate with. This will definitely have an impact on the sales of cosmetic firms. Advertising in the long run tend to make demand for cosmetic goods inelastic and this according to Robinson (1933) and Chamberlin (1933) will persuade consumers to be attached to a particular brand.
- ii.) The complementary view of advertising was found not to be so strong for cosmetic products. The respondents stated that, the prestige attached to a brand was not all they look out for when purchasing a product. With as high as 40% of respondents stating this as a weak reason for purchasing a product, it falls on cosmetic firms to concentrate on the quality which 99% of the respondents believe they look out for in a product.
- iii.) With about 15% to 20% growth in the demand for cosmetic products annually, it is required of firms to pay attention to the required needs of consumers and channel this into their advertising contents. Making use of the most patronised media; television internet and prints, to increase their sales.
- iv.) One thing also found in the study was that, consumers like to factor in discounted prices when purchasing cosmetic products. It is therefore required of firms to make their prices affordable for consumers.

Advertising satisfies the needs of the firm as well as the wishes of consumers. Its role can never be replaced by any other means in this dynamic world of ours. It is therefore a must for firms to strategize and know when and where they should advertise to gain maximum returns. The consumers should be considered as a factor of production, they need to be informed about products and until that is done, the products of firms will still be in

stores with no demand for them.

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APPENDIX
Frequency Tables

Sex of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	50	50.0	50.0	50.0
	Male	50	50.0	50.0	100.0
	Total	100	100.0	100.0	

Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-25	51	51.0	51.0	51.0
	25-35	46	46.0	46.0	97.0
	35-45	3	3.0	3.0	100.0
	Total	100	100.0	100.0	

Marital Status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	69	69.0	69.0	69.0
	Married	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

Occupation of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	50	50.0	50.0	50.0
	Banking	6	6.0	6.0	56.0
	Teaching	3	3.0	3.0	59.0
	Marketing	10	10.0	10.0	69.0
	IT and Computer	9	9.0	9.0	78.0
	Other	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

Brand of Cosmetic Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HUL	39	39.0	39.0	39.0
	Emami	8	8.0	8.0	47.0
	Revlon	3	3.0	3.0	50.0
	L'Oreal	11	11.0	11.0	61.0
	Nivea	17	17.0	17.0	78.0
	Garnier	20	20.0	20.0	98.0
	Other	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Ad_Effect

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	30	30.0	30.0	30.0
	Yes	70	70.0	70.0	100.0
	Total	100	100.0	100.0	

Medium of Encountering Advertising

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	30	30.0	30.0	30.0
	T.V	48	48.0	48.0	78.0
	Papers	8	8.0	8.0	86.0
	Internet	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

Place of Purchase

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Malls	33	33.0	33.0	33.0
Internet	9	9.0	9.0	42.0
Supermarket	42	42.0	42.0	84.0
Pharmacy	13	13.0	13.0	97.0
Local Shop	3	3.0	3.0	100.0
Total	100	100.0	100.0	

Purpose of Adverts

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Inform of Product	58	58.0	58.6	58.6
Create perception	19	19.0	19.2	77.8
Create Preference	11	11.0	11.1	88.9
Create awareness	11	11.0	11.1	100.0
Total	99	99.0	100.0	
Missing System	1	1.0		
Total	100	100.0		

Advertising Influence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strong	26	26.0	26.0	26.0
Moderate	55	55.0	55.0	81.0
Weak	19	19.0	19.0	100.0
Total	100	100.0	100.0	

Brand of Product

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strong	63	63.0	63.0	63.0
Moderate	32	32.0	32.0	95.0
Weak	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	50	50.0	50.0	50.0
	Moderate	38	38.0	38.0	88.0
	Weak	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Others_recommendation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	26	26.0	26.0	26.0
	Moderate	52	52.0	52.0	78.0
	Weak	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

Quality of Product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	71	71.0	71.0	71.0
	Moderate	28	28.0	28.0	99.0
	Weak	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

Prestige attached to Product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	22	22.0	22.0	22.0
	Moderate	38	38.0	38.0	60.0
	Weak	40	40.0	40.0	100.0
	Total	100	100.0	100.0	

Packaging of Product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	25	25.0	25.0	25.0
	Moderate	43	43.0	43.0	68.0
	Weak	32	32.0	32.0	100.0
	Total	100	100.0	100.0	

Being Beautiful

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	42	42.0	42.0	42.0
	Moderate	44	44.0	44.0	86.0
	Weak	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

Attractive to the Opposite Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	9	9.0	9.0	9.0
	Moderate	42	42.0	42.0	51.0
	Weak	49	49.0	49.0	100.0
	Total	100	100.0	100.0	

Being Socially Acceptable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	39	39.0	39.0	39.0
	Moderate	41	41.0	41.0	80.0
	Weak	20	20.0	20.0	100.0
	Total	100	100.0	100.0	

	Sex			Age			Total
	Male	Female	Total	15-25 years	25-35 years	35-45 years	
Total Surveyed	50	50	100	51	46	3	
HUL	11%	28%	39%	22%	17%		39%
Emami	7%	1%	8%	0%	8%		8%
Revlon	1%	2%	3%	1%	2%		3%
L'Oreal	3%	8%	11%	8%	2%	1%	11%
Nivea	11%	6%	17%	8%	9%		17%
Garnier	16%	4%	20%	11%	7%	2%	20%
Oriflame	1%	1%	2%	1%	1%		2%

Satisfied with the Product

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	11	11.0	11.0	11.0
Yes	89	89.0	89.0	100.0
Total	100	100.0	100.0	

Cross Tabulations

Age, Sex and Brand Cross tabulation

Ad_Effect * Consumer's Satisfaction of Product Crosstabulation

			Satisfied		Total
			0	Yes	
Ad_Effect	No	Count	2	28	30
		% within Ad_Effect	6.7%	93.3%	100.0%
		% within Satisfied	18.2%	31.5%	30.0%
		% of Total	2.0%	28.0%	30.0%
Yes	Yes	Count	9	61	70
		% within Ad_Effect	12.9%	87.1%	100.0%
		% within Satisfied	81.8%	68.5%	70.0%
		% of Total	9.0%	61.0%	70.0%
Total		Count	11	89	100
		% within Ad_Effect	11.0%	89.0%	100.0%
		% within Satisfied	100.0%	100.0%	100.0%
		% of Total	11.0%	89.0%	100.0%

Ad_Effect * Brand_of_Cos Crosstabulation

		Brand_of_Cos							Total
		HUL	Emami	Revlon	L'Oreal	Nivea	Garnier	Other	
Ad_Effect No	Count	10	2	1	5	6	5	1	30
	% within Ad_Effect	33.3%	6.7%	3.3%	16.7%	20.0%	16.7%	3.3%	100.0%
	% within Brand_of_Cos	25.6%	25.0%	33.3%	45.5%	35.3%	25.0%	50.0%	30.0%
	% of Total	10.0%	2.0%	1.0%	5.0%	6.0%	5.0%	1.0%	30.0%
Yes	Count	29	6	2	6	11	15	1	70
	% within Ad_Effect	41.4%	8.6%	2.9%	8.6%	15.7%	21.4%	1.4%	100.0%
	% within Brand_of_Cos	74.4%	75.0%	66.7%	54.5%	64.7%	75.0%	50.0%	70.0%
	% of Total	29.0%	6.0%	2.0%	6.0%	11.0%	15.0%	1.0%	70.0%
Total	Count	39	8	3	11	17	20	2	100
	% within Ad_Effect	39.0%	8.0%	3.0%	11.0%	17.0%	20.0%	2.0%	100.0%
	% within Brand_of_Cos	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	39.0%	8.0%	3.0%	11.0%	17.0%	20.0%	2.0%	100.0%

Ad_Effect * Sex Crosstabulation

			Sex		Total
			Female	Male	
Ad_Effect No	Count		15	15	30
	% within Ad_Effect		50.0%	50.0%	100.0%
	% within Sex		30.0%	30.0%	30.0%
	% of Total		15.0%	15.0%	30.0%
Yes	Count		35	35	70
	% within Ad_Effect		50.0%	50.0%	100.0%
	% within Sex		70.0%	70.0%	70.0%
	% of Total		35.0%	35.0%	70.0%
Total	Count		50	50	100
	% within Ad_Effect		50.0%	50.0%	100.0%
	% within Sex		100.0%	100.0%	100.0%
	% of Total		50.0%	50.0%	100.0%

Dep. Variable	Intercept (t value)	Independent Variables						R ² (Adj)	F	P
		Income (t value)	ln_Income (t value)	Da (t value)	Db (t value)	Dp (t value)	Dr (t value)			
Exp	306.0627 (2.80)	.0036 (1.38)		396.49 (3.37)*				0.13 (0.11)	7.26	0.00
Ln_Exp	4.5221 (7.19)		.1267 (1.87)	.7151 (3.84)*				0.16 (0.15)	9.62	0.00
<i>Ln_Exp</i>	4.5221 (7.95)		.1267 (1.98)*	.7151 (3.92)*				0.16	12.59	0.00
<i>Exp</i>	58.5737 (0.42)	.0036 (1.67)		410.45 (4.48)*	-154.31 (-1.55)	213.84 (1.81)	251.33 (2.49)*	0.19	7.40	0.00
<i>Exp</i>	-592.24 (-1.58)		77.1233 (2.01)*	409.73 (4.97)*	-118.13 (-1.06)	205.54 (1.80)	224.19 (2.16)*	0.20	7.43	0.00
<i>Exp</i>	-592.24 (-1.58)		77.1233 (2.01)*	409.73 (4.97)*	-118.13 (-1.06)	205.54 (1.80)	224.19 (2.16)*	0.20	7.43	0.00
<i>ln_Exp</i>	4.42 (6.48)*		0.1081 (1.66)	.7490 (3.97)*	-0.3577 (-1.45)	0.4305 (1.77)	.2617 (1.60)	0.22	6.18	0.00

Regression Models

Italicised indicates a robust regression, meant to correct heteroskedasticity

*indicates statistically significant values

**INSTITUTE FOR SOCIAL AND ECONOMIC CHANGE,
 BANGALORE**

QUESTIONNAIRE FOR USERS OF COSMETIC PRODUCTS

This research is to find out the effects of advertising on buying behaviour of consumers of cosmetic products. All information provided would be confidential. Please tick the box and write where appropriate.

SECTION A: Biographical details

1. Gender

Male Female

2. Age range

15-25 25- 35 35- 45 45- 55 55-above

3. Marital Status

Single Married

4. Occupation

Student Banking Teaching Marketing
 IT and Computer Other.....

5. What is your monthly income/ Pocket money Rs

SECTION B:

6. Which brand of cosmetics do you use among these?

Lakme (Hindustan Unilever Ltd) Emami Revlon
 L'Oreal Nivea Garnier Other.....

7. Does advertising influence your purchase of the cosmetic product above?

Yes No

8. If yes, which medium of advertising influences your purchase of the above cosmetic product?

Television Print (Newspapers, Magazines, Brochures) Internet (Online)

9. Where do you most purchase the above cosmetic product brand?

Malls Internet(online) Supermarket Pharmacy
 Local shops Other.....

10. What purpose do adverts on the cosmetic product serve you?

Inform you of the features and benefits of the product
 Create the desired perceptions of the product
 Create a preference for the product
 Create awareness of a new product

11. How much do you spend on the cosmetic products monthly? Rs.

12. Rank the factors which most influence your purchase of the cosmetic products

	Strong Influence	Moderate Influence	Weak Influence
Advertising			
Brand			
Price			
Recommendation from others			
Quality			
Prestige			
Packaging			
Other(.....)			

13. Why do you purchase the cosmetic products?

	Strong Reason	Moderate Reason	Weak Reason
To look beautiful			
To be attracted to the opposite sex			
To be socially acceptable			
Other.....			

14. Are you satisfied using the product? Yes No. If Yes/No, Why

.....
 Please add your comments.

...
 THANK YOU.

Online survey

https://docs.google.com/forms/d/1Isear1MMIOMgCgHsDJrtZhS7WuIH9xngIBbLEcASo_g/viewform

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