Advertisements' Influence and Antecedents of Purchase Intention towards FMCG Products in Chennai City - A Study

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Abstract

In today's massive influx of product availability, advertisements have become analogous to enhance the purchase intention of a potential buyer. Also advertising is a potent vehicle which creates tremendous impact in customers' mind and sentiments that quench their thrust of the products. This study aims to consider the roles of individual perception on attitude towards advertisements and brands and also its relationship with corporate credibility which yields in Purchase Intention. The study has been conducted among people of various walks of life to access the significance of Purchase intention with that of corporate credibility, attitude towards brand and advertisements.

Keywords: Advertisement Influence, Brand Image, Consumer Attitude, Corporate Credibility, FMCG Products, Purchase Intention

1. Introduction

The primitive instinct of reaching the consumer for any firm would be of advertisements. The cut throat competition of various FMCG manufacturers, make them to deal only in platitudes in reaching the consumers. This forced the firms to add more teeth to the attack like concentrating on creating brand image, building corporate credibility to provoke the purchase intention. Unlike the earlier days, purchase of a product primarily does not depend on the consumers' need and awareness of the product. Due to the increase in competition, every manufacturer started communicating product information to the target audiences by the mode of promotional mix to influence the purchase intention of the consumer. Also many firms rewrite the script of promotional activities it makes this study more vibrant to attract consumers by building corporate credibility and creating brand image. Therefore the objective of this study is to test the

model that relates Purchase Intention with Corporate Credibility and Brand Image. In coherence with the study, an extensive research has been conducted on marketing of FMCG products which elaborate the variables chosen to represent the conceptual framework that offers the hypotheses. To test the model, we present an empirical study with a sample of consumers from various walks of life in Chennai region. The conclusion of the study was discussed with the theoretical and managerial implication of the findings on the variables corporate credibility, attitude towards advertisements and attitudes towards brand.

2. Review of Literature

According to ELM (Elaboration Likelihood Model), corporate credibility is linked to attitude of the brand that he/she is interested in[3].

In 2000, Goldsmith, carried out a research and concluded the corporate credibility has a direct relationship with attitude towards advertisements.

Brand familiarity refers to the extent of a consumers' direct and indirect experience with a brand[5].

Endorser credibility has a direct relationship with Purchase intention which possesses a consumer affective towards ad which forms positive purchase intention toward company's product or service, Goldsmith et al[3].

In 2011, Balakrishnan, L., and Kumar, C. S. concluded in their research that there is an effect of Advertisements in the purchase attitude of consumers towards durable products.

Advertisements based purchase attitude of consumers towards durable products was carried and conclusion was drawn that there is a direct influence of purchase attitude when the products are promoted and it has a strong influence when the products are promoted by celebrities A. Pughazhendi, R. Thirunavukkarasu, and S. Susendiran[9].

Theoretical framework was developed for the analyzing the impact of advertising credibility on consumer healthcare products and conclusion was arrived that there is a strong and direct impact on advertising towards purchase intention R. Indu, and V. P. Jagathy Raj[4].

Purchase intention has a positive association with the brand image[10].

3. Research Objectives

- To study the influence of advertising on Purchase Intention through attitude towards advertisements.
- To study the influence of advertising on Purchase Intention through attitude towards the brand.
- To study the influence of advertising on Purchase Intention through corporate credibility.

4. Research Model

The type of research carried out for the study is descriptive, for which 600 people of various walks of life were selected. The sampling process adopted for this study was simple random sampling method. Pilot study was conducted with a 10% sample size out of which the changes are incorporated while structuring the questionnaire. This structured questionnaire was adopted in collection of data. All the respondents met the criteria of watching advertisements in television and were the appropriate persons to make a decision in purchase of products.

The questionnaire constructed for this research was measured from items adopted from previous studies with same alteration. Multiple-items measures used for all variables to increase the reliability and validity of the items used. The questionnaire was structured using five-point Likert scale ranging from 1 (strongly agree) to 5 (strongly disagree) for all the items. Hypothesis was developed based on the data collected. To test the goodness of the framework, path analysis is used.

The software used to carry out the analysis is Visual-PLS-version 1.04bl which is a Graphic-User-Interface program for Latent Variables Path Analysis with Partial Least Squares Version 1.8.

4.1 Conceptual Framework and Hypotheses

4.1.1 H1: Corporate Credibility has a Direct, Positive Impact on Purchase Intention

Corporate credibility has been analyzed to the extent of which consumers believe that a corporation has the ability to design and deliver products and services that can satisfy consumers' need and wants[3]. Previous studies used corporate credibility as an antecedent of purchase intention, and they mentioned that corporate credibility have two dimensions which namely trustworthiness and expertise[3].

4.1.2 H2: Attitude towards ad has a Strong Influence on Purchase Intention

Attitude towards advertisement has been defined as a predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during particular exposure situation[7,2]. An advertisement that provides good pictures may give a significant impact as the pictures help reader consumers to get "connected" with the product. This is in addition to the line of catch words especially in headlines that are carefully positioned to attract consumers when they read them (Boduch, 2001 in NG, 2009). The uniqueness of advertisement is that it has been used as an antecedent to other variable or independent variable[2], mediating variable[12], even as dependent variable (e.g Holbrook et al., 1987; Yi, 1990; Edell and Burke, 1987; Homer and Yoon, 1992) in past studies. It usage depends very much on the way of how it is perceived and positioned by the researchers. The consumer, who is effectively affected by advertising, may form a posite attitude towards ad that may then influence his/her
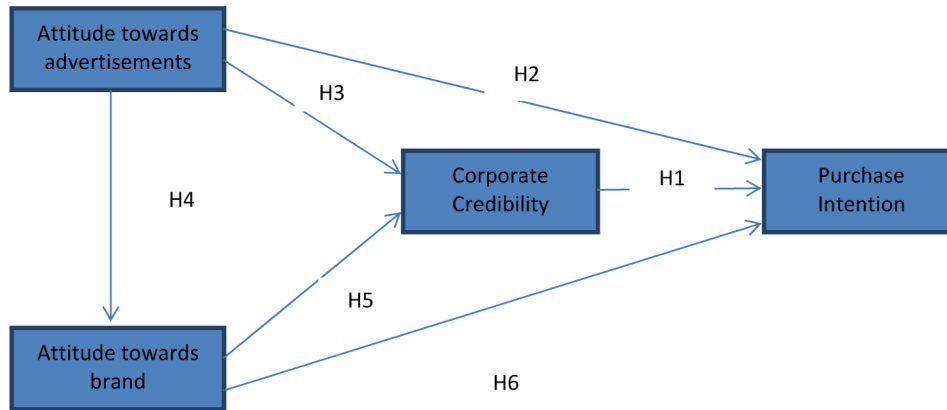
Figure 1. Conceptual Framework.

Purchase intention. A direct relationship between these two variables was found in Goldsmith et al.'s studies[3].

4.1.3 H3: Attitude towards ad has a Positive Relationship with Corporate Credibility

Attitude towards advertisement has been defined as a predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during particular exposure situation[7,2]. In other words, corporate credibility is said to have a direct relationship with attitude towards ad, attitude towards brand[3].

4.1.4 H4: Attitude towards ad has a Direct, Positive Relationship with Attitude towards Brand

Many studies considered attitude towards advertisement as the main input of attitude towards brand with both variables affecting the consumers' purchase intention. Many previous studeis have attempted to model the advertising effects that are assumed to happen through the flow of casual relationship between these two variables[3]. Previous studies indicated that these two variables are not considered as one variable as they are different from each other, and had been used as separated variables[3]. The difference between the two variables is very clear from each one's given definition in the literature.

4.1.5 H5: Attitude towards Brand has a Positive Relationship with Corporate Credibility

Previous studies also confirm that when the consumers' perception is positive toward a company, this in turn helps to form a positive attitude toward its advertised brand. According to the ELM (Elaboration Likelihood Model), corporate credibility is linked to the central route of attitude of the brand that he/she will be interested in, to form a positive attitude toward the brand[3].

4.1.6 H6: Attitude towards Brand has a Strong Influence on Purchase Intention

Brand familiarity refers to the extent of a consumers' direct and indirect experience with a brand[5]. Endorser credibility has a direct relationship with Purchase intention which possesses a consumer affective towards ad which forms positive purchase intention toward company's product or service, Goldsmith et al[3].

5. Results and Discussion

5.1 Reliability and AVE

Reliability and validity tests were conducted for all the constructs in the conceptual mode. The reliability of the

Table 1. Reliability and AVE

Construct	Composite Reliability	AVE	Cronbach Alpha
Attitude towards Advertisements	0.731891	0.361986	0.558621
Attitude towards Brand	0.769885	0.272997	0.669927
Corporate Credibility	0.742784	0.421168	0.541899
Purchase Intention	0.77081	0.531258	0.541032

Table 2. Correlation and latent variables

	Attitude towards Advertisements	Attitude towards Brand	Corporate Credibility
Attitude towards Brand	0.399		
Corporate Credibility	0.314	0.503	
Purchase Intention	0.261	0.376	0.445

constructs used in this study was carried out using Visual PLS software. The reliability of the constructs refers to the accuracy with which the constructs repeatedly measure the same phenomenon with permissible variation. The composite reliability for internal consistency of the constructs was tested and was above 0.7. The Cronbach Alpha scores were found to be greater than 0.5 which is good reliability for social science research (Nunnally 1978 on reliability). The AVE scores for all the constructs are greater than 0.25 indicating sufficient convergent validity.

5.2 Correlation of the Model Constructs

The correlation values were generated using the Visual PLS software for the constructs in the model. The results of the correlation analysis are shown in Table 2. The correlation values of Attitude towards Brand and Attitude towards Advertisements, Corporate Credibility and Attitude towards Advertisements, Purchase Intention and Attitude towards Advertisements, Corporate Credibility and Attitude towards Brand, Purchase Intention and

Attitude towards Brand, Purchase Intention and Corporate Credibility are found to be significant at 0.05 levels.

5.3 Testing the Conceptual Model

The result of the Visual PLS structural equation model is given in the Figure 2. Tests of significance for all paths were conducted using bootstrap procedure. The test of each link is mapped to each path in the model. The estimated path coefficient along with their t-statistic is shown in the model. All the paths are found to be significant and important in magnitude (Table 3).

Table 3. Structural model bootstrap

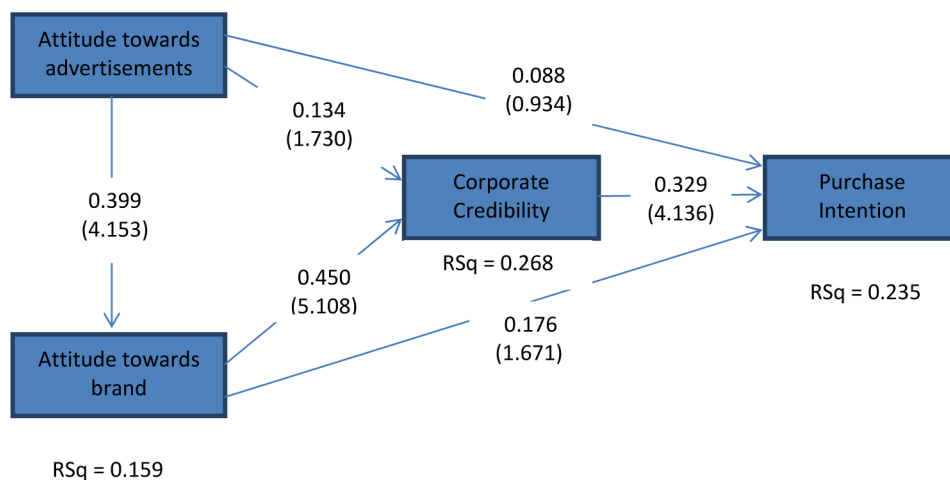| Hypothesis	Standardized Path Coefficient	t-Statistic
Attitude towards Advertisements - > Corporate Credibility	0.134	1.7299
Attitude towards Brand - > Corporate Credibility	0.45	5.108
Attitude towards Advertisements - > Attitude towards Brand	0.399	4.1531
Corporate Credibility - > Purchase Intention	0.329	4.1359
Attitude towards Advertisements - > Purchase Intention	0.088	0.934
Attitude towards Brand - > Purchase Intention	0.176	1.6706

Figure 2. The Role of Purchase Intention in the effects of other variables.

From the Figure 2, the R-squared variation of Purchase Intention with Attitudes towards Advertisements, Corporate Credibility, and Attitude towards Brand is 23%. Hence the Purchase Intention is influenced to a greater extent by Attitudes towards Advertisements, Corporate Credibility and Attitude towards Brand with a *standardized path coefficient* of 0.088, 0.329 and 0.176 and *t-static of 0.935, 4.1359 and 1.6706.* Since the *t-value* of Purchase Intention with Corporate Credibility is greater than 3.0, it is evident that Corporate Credibility has a direct, positive impact on Purchase Intention and the hypothesis ((H1) is accepted. The *t-value of* Purchase Intention with Attitudes towards Advertisements, Attitude towards Brand is less than 3.0, and it is evident that Attitudes towards Advertisements and Attitude towards Brand has a negative influence on Purchase Intention and the hypothesis (H2 and H6) is rejected. The figure illustrates that, the R-squared variation of Corporate Credibility with Attitudes towards Advertisements; Attitude towards Brand is 26%. Hence the Corporate Credibility is influenced to a greater extent by Attitudes towards Advertisements, Attitude towards Brand with a *standardized path coefficient* of 0.134 and 0.45 and *t-static of 1.7299 and 5.108.* Since the *t-value of* Corporate Credibility with Attitude towards Brand is greater than 3.0, it is evident that Attitude towards Brand has a positive impact on Corporate Credibility and the hypothesis (H5) is accepted. The *t-value of* Corporate Credibility with Attitudes towards Advertisements is less than 3.0, it is evident that Attitudes towards Advertisements has a negative impact on Corporate Credibility and the hypothesis (H3) is rejected. The above figure explains the R-squared variation of Attitude towards Brand with Attitudes towards Advertisements is 15%. Hence the Attitude towards Brand is influenced to a greater extent by Attitudes towards Advertisements, with a *standardized path coefficient* of 0.399 and *t-static of* 4.1531. Since the *t-value of* Attitude towards Brand with Attitudes towards Advertisements is greater than 3.0, it is evident that Attitude towards Brand has a positive relationship on Attitudes towards Advertisements and the hypothesis (H4) is accepted.

The empirical results of the model show that all the six hypotheses H1, H2, H3, H4, H5 and H6 are verified. It can be seen that the H1, Corporate Credibility has a direct, positive impact on Purchase Intention, likewise the H4, Attitude towards Advertisements has a direct, positive relationship with Attitude towards Brand and

H5, Attitude towards Brand has a positive relationship with Corporate Credibility and all H1, H4 and H4 are significant and positive. Similarly the H2, Attitude towards Advertisements on Purchase Intention, H3, and Attitude towards Advertisements on Corporate Credibility and H6, Attitude towards Brand on Purchase Intention are negative and non –significant. Purchase Intention (*path coefficient 0.329, 0.088 and 0.176 and t-static 4.1359, 0.934 and 1.6706)* are influence by Corporate Credibility. The empirical investigation supports the Purchase Intention and also supports the fact that Purchase Intention is influence by Corporate Credibility.

6. Conclusion

In the current rough-and-tumble culture of promoting FMCG products, many firms face immense competition to attain a competitive advantage and this vouches that the current study has an importance on factors affecting the Purchase Intention. This is adding a strong support to the study conducted by Mackenzie, Lutz and Belch[7]; Biehal, Stephens and Curlo[2] about the advertisements influence towards purchase intention. The study shows that different conventional paths like Attitude towards Advertisements, Attitude towards Brand[5] proposed the influence of attitude of brand on purchase intention) influence the Purchase Intention and the proposed path of Corporate Credibility (Goldsmith et al.[3], explains how corporate can influence the purchase intention of the consumer) too have a vibrant influence on Purchase Intention. The promoting mechanism of FMCG products is happening at a blistering pace and the present study of the variables like Attitude towards Advertisements, Attitude towards Brand and Corporate Credibility makes important by adding more teeth to the attack so as to attain competitive advantage.

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