

CHAPTER I

INTRODUCTION

Advertiser'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 advertiser's goal is to get enough relevant market data to develop accurate profiles of buyers-to-find the common group (and symbols) for communications this involves the study of consumers behaviour: the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants. The essence of being in business by any business outfit is to produce for sales and profits. In order to remain in business an organization must generate enough sales from its products to cover operating costs and post reasonable profits. For many organizations, sales estimate is the starting point in budgeting or profit planning. It is so because it must be determined, in most cases, before production units could be arrived at while production units will in turn affect material purchases. However, taking decision on sales is the most difficult task facing many business executives. This is because it is difficult to predict, estimate or determine with accuracy, potential customers' demands as they are uncontrollable factors external to an organization. Considering, therefore, the importance of sales on business survival and the connection between customers and sales, it is expedient for organizations to engage in programmes that can influence consumers' decision to purchase its products.

1.1 BACKGROUND OF THE STUDY

In June 1836, French newspaper La Presse was the first to include paid advertising in its pages, allowing it to lower its price, extend its readership and increase its profitability and the formula was soon copied by all titles. Around 1840, Volney B. Palmer established the roots of the modern day advertising agency in Philadelphia. In 1842 Palmer bought large amounts of space in various newspapers at a discounted rate then resold the space at higher rates to advertisers. The actual ad - the copy, layout, and artwork - was still prepared by the company wishing to advertise; in effect, Palmer was a space broker. The situation changed in the late 19th century when the advertising agency of N.W. Ayer & Son was founded. Ayer and Son

offered to plan, create, and execute complete advertising campaigns for its customers. By 1900 the advertising agency had become the focal point of creative planning, and advertising was firmly established as a profession. Around the same time, in France, Charles-Louis Havas extended the services of his news agency, Havas to include advertisement brokerage, making it the first French group to organize. At first, agencies were brokers for advertisement space in newspapers. N. W. Ayer & Son was the first full-service agency to assume responsibility for advertising content. N.W. Ayer opened in 1869, and was located in Philadelphia.

Advertisement for a live radio broadcast, sponsored by a milk company and published in the Los Angeles Times on May 6, 1930. At the turn of the century, there were few career choices for women in business; however, advertising was one of the few. Since women were responsible for most of the purchasing done in their household, advertisers and agencies recognized the value of women's insight during the creative process. In fact, the first American advertising to use a sexual sell was created by a woman – for a soap product. Although tame by today's standards, the advertisement featured a couple with the message "The skin you love to touch".

In the early 1920s, the first radio stations were established by radio equipment manufacturers and retailers who offered programs in order to sell more radios to consumers. As time passed, many non-profit organizations followed suit in setting up their own radio stations, and included: schools, clubs and civic groups. When the practice of sponsoring programs was popularised, each individual radio program was usually sponsored by a single business in exchange for a brief mention of the business' name at the beginning and end of the sponsored shows. However, radio station owners soon realised they could earn more money by selling sponsorship rights in small time allocations to multiple businesses throughout their radio station's broadcasts, rather than selling the sponsorship rights to single businesses per show.

1.2. STATEMENT OF THE PROBLEM

The role of advertising in determining consumer behaviour and brand preference has been undermined by many firms in Nigeria over the years. Some firms spend huge amounts of money advertising their products and still claim about indifference in their sales volume. This

misconception seems to be based on an entirely understandable initiative reaction: how can advertisers claim that advertising does not increase consumption and sales and still spend so much money on it?

According to Ambler (2000), advertising has major influences on consumption volume of consumers, as well as sales volume. Adverts may not necessarily bring about huge volume of sales in the short-run, but will certainly increase sales and profits in the long run if done properly. Even if some marketers believe that accurate knowledge about consumers, how they buy, why they buy, and where they buy- is unnecessary as it is possible to manipulate hapless buyers into parting with their money in return for products that they do not want. However, models about advertising as a strong force have survived despite various empirical studies showing that the view of advertising as a strong persuasive force is largely unfounded.

1.4 RESEARCH OBJECTIVES

The following are the research objectives of this study:

1. To examine the impact of advertising on consumer brand preference.
2. To determine advertisement channels that are most effective for influencing consumer buying behaviour.
3. To examine the impact of celebrity endorsement on consumer brand preference.
4. To find out factors that encourage brand loyalty amongst consumers.

1.5 RESEARCH QUESTIONS

In order to achieve the objectives of this study, the following research questions were used:

1. Does advertisement influence consumer brand preference?
2. Which advertisement channel is most effective for influencing consumer buying behaviour?
3. Does celebrity endorsement affect consumers buying preference?
4. What factors encourage brand loyalty among consumers?

1.6 RESEARCH HYPOTHESIS

1.Ho: Advertisement does not influence consumers' behavior and preference for a brand.

Hi: Advertisement influences consumers' behavior and preference for a brand.

2.Ho: There is no significant relationship between media channel and effectiveness of advertisement.

Hi: There is a significant relationship between media channel and effectiveness of advertisement.

1.7 SIGNIFICANCE OF THE STUDY

The study will help firms understand the importance of advertising. It will also enable them to structure their adverts and brands to make them more appealing in order to improve sales and lead to better performance. As this study gives a clear insight into how advertisement can influence consumer behaviour, many firms will be encouraged into using adverts to market their products. When firms start making more sales and profits as a result of advertising, the economy of Nigeria will be boosted, as more income from tax will be accrued to the government of Nigeria. The findings and recommendations of this study will go a long way in helping firms to adopt good advertising strategies, and appealing brand designs to help get more consumers for their products and services.

1.8 SCOPE OF THE STUDY

The study is limited to the influence of advertising on brand awareness and consumer preference in Uyo, using selected consumers of various beverage brands as a focus point.

1.9 LIMITATION OF THE STUDY

The only limitation faced by the researcher in the course of carrying out this study was the delay in getting data from the various respondents. Most respondents were reluctant in filling questionnaires administered to them due to their busy schedules and nature of their work. The researcher found it difficult to collect responses from the various respondents, and this almost hampered the success of this study.

1.10 DEFINITION OF TERMS

Advertisement: Any form of non-personal communication through mass media that is paid for by an identified sponsor(s).

Advertising: A process activity or program necessarily to prepare message get it to the intended market.

Influence: The effect somebody or something has on somebody or something.

Media: The main ways that large number of people generates information or get entertained.

Consumers: Persons who buy goods and use it for services.

Product: Anything that can be offered to the market for attention, acquisition, and

consumption or use that might satisfy a need or want.

Services: Any act of performance that can be offered to another that is essentially tangible and does not result in the ownership of anything.

Consumer Behaviour: The behaviour at which the consumer will display if searching for purchasing.

THE EFFECTS OF ADVERTISEMENT ON CONSUMER BRAND REFERENCE

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