

## A study on impact of misleading advertisement on customer preference for soft drinks

<sup>1</sup> Arpit Shailesh, <sup>2</sup> Dr. Taruna

<sup>1</sup> Research Scholar, School for Management Studies, Babasaheb Bhimrao Ambedkar University, Lucknow (A Central University), Lucknow, Uttar Pradesh, India

<sup>2</sup> Assistant Professor, School for Management Studies, Babasaheb Bhimrao Ambedkar University, Lucknow (A Central University), Lucknow, Uttar Pradesh, India

### Abstract

Advertising is an encapsulated communication about the product or service beautifully designed, clear and concise giving an appealing message which is intended to attract the target consumers. Advertising is the most powerful technique used to persuade the target consumers to buy the product or service or just informing them about the availability of the product or service in the market.

An influential tool nowadays for any organization is Advertisement, as it not only helps in communicating the information to the customers about new product launched in the market but also induces them to purchase them. Companies usually follow unethical means to advertise their products, the term used for it is Misleading Advertisements. Misleading or false Advertisements is the use of wrong statements in advertisements for influencing customers to purchase the products, but it may negatively impact many customers. Many governments around the world use regulations and frame policies to control false and misleading advertisements, as advertisements have the potential to induce customers to buy products. The concept of the advertisements was that all the necessary information related to the product should be provided to customers using a global media that is the advertisement. This study is conducted to comprehend the impact of advertisements on customers using Medias and what can be done to improve the effectiveness. The main aim of this research is to study the effectiveness of advertisements and its impact on the preference of the customers for soft drinks.

**Keywords:** advertising, misleading advertisements, encapsulated communication, catalyst

### 1. Introduction

*“Good advertising not only tells the literal truth but also avoids possible deception through subtle implication or omission.”*

*-Freer, 1949.*

Another form of communication, that is, Advertisement is to draw the attention of the customers. Advertisements now have become an integral part of business organizations today. Also business organizations have seen a boom since introduction of Advertisement as a method of communication. Anything and everything can be known about the product, how it looks like or what is the use of it, which is why Advertisements are very essential from awareness point of view. It itself is not an issue as it is an important means for growth of any company but reaching target customers is. Also when advertisements are used to persuade the customers by way of ethereal claims, it is against the interests of the customers.

An advertisement turns into false or misleading, when deceptive or untruthful statements are used in advertising. Any incorrect understanding of the product given to the customers leads to Misleading Advertisement. Essentially ‘Truth’ refers to that all-important information should be on the label of the product as well as contents mentioned on the label should be correct, as the customers have the right to know what they are buying.

The growth rate of Indian Advertising Industry rates from 32% to 36%. Estimation is that advertising is 1650 crores

industry which accounts for 90.45% of the India’s Gross Domestic Product (GDP). Indian Advertising has seen magnificent growth after the entry of MNCs and other major brands, for the past three decades. India is becoming a preferred market for such big companies. Advertisement in India is rising at a very rate. Rise in the number of brands is increasing because of the purchase behaviour and capacity of purchasing of the present generation. This has led to the cut throat competition among the existing brands. Because of so tuff competition and expectations of the customers, our lifestyle has changed drastically.

### 2. Review of Literature

Murphy and Cunningham (1993) <sup>[6]</sup> state that linking advertising with sales impact is not appropriate as other marketing variables such as economic factor, market factor, etc., affect the company sale.

Hershey and Linda Friedman (2003) <sup>[18]</sup> suggest that three types of endorsers are widely used in advertising celebrity, professional expert, typical consumer, celebrity endorsers are generally attractive (or) likeable media personalities. Expert endorsers will possess expertise and typical consumer endorsers draw their appeal from similarity. They conclude that a celebrity endorser is more effective when promoting products high in psychological and social risk.

Rhea, Steven, Valerie (2005) have described that unethical behaviour of marketing negatively impacts on the expectations of customers. The study focuses on the sample size of 334

respondents from America and tests multiple factors by using correlation and regression method. The research finds that customer commitment positively impacts on customer expectations and satisfaction and the implications for future research show that companies should guide to their employees about ethical behaviour of advertisement and should monitor all the activities related to advertisements and customer expectations.

John, Rosemary, Matthew (2011) have presented the weight loss advertisements affect the consumers badly due to its product's consumption. The study focuses on the sample size of 50 respondents from America and tests multiple factors by using correlation method and the results show that less educated females influence more by advertising than better educated females.

Monika, Rasa (2012) [37] have explored consumer's purchasing decision is ending up through deceptive practices in advertisements at high prices and low quality. The research focuses on qualitative research approach in Europe and finds the advertisements should be fair and decent. From the purpose of study, European Union introduced law and rules for the protection of consumers from misleading advertisements, and proper education and awareness for consumers will protect them by misleading advertising.

Maicibi, Nok, Yahaya (2013) have highlighted that false advertisements create misuse of customer loyalty in organizations. The research focuses on qualitative research approach in America. The study examines the organizations create cost for them by misrepresentation and corruption in advertising. The study concludes that organizations should control and tackle unethical concerns to keep organizations competitive and healthy.

Victor (2014) has described that on regular basis consumers are facing manipulation in advertising. The research focuses on qualitative research approach in Romania and finds that manipulative advertising affects negatively to values and harmfully to environment. The implications for future study show that strong law against manipulation will reduce deceptive practices.

### 3. Statement of Problem

Advertisements have become an integral part of business world today. Also because of tuff competition prevailing in the market each and every business enterprise has adopted their method of advertising. These include Magazines, Newspaper and Television which are popular in business world today. This study has been undertaken to comprehend the impact of misleading advertisement on customer preference for soft drinks

### 4. Objectives of the study

- To study the prominence of ethics in the advertisements for health drinks.

- To analyze the efficacy of ethics in advertisements and its impact on the consumer preference for soft drinks in Lucknow city.
- To know the factors determining the consumer's preference for health drinks.

### 5. Research Methodology

The nature of the study is descriptive. It is centred on both primary and secondary data. The secondary data was collected from journals, books and websites. And the primary data was collected by forming well-structured interview taken from 150 respondents residing in Lucknow city.

### 6. Consumer Redress System

There is legal and administrative machinery working in the field of consumer education in our country. It is important for you to understand it. Consumer redressed system is a system under which the consumers can file a complaint in a consumer court and demand justice when they are cheated by the sellers or manufacturers of the commodity or service they buy. It comprises of the Laws to protect the interest of the consumers and the Institutions to enforce the laws to uphold consumers' rights. The government arranges consumer laws made through legislations in our country with a special focus on consumer education. The purpose is to help the people understand their rights and responsibilities as consumers and to redress their grievance. There is also existence of Institutions in the form of government departments and consumer courts to deal with the grievances of the affected consumers.

### 7. False Claims and Misleading advertisement

As provided under Section 36A (1) of the MRTP Act, the following statements, whether made orally or in writing or by visible representation, would amount to an unfair trade practice:

- Falsely representing any re-built, second hand, renovated, reconditioned or old goods as new goods.
- Falsely representing that the goods are of a particular standard, quality, quantity, grade, composition, style or model.
- Giving any warranty or guarantee about the performance, efficacy or length of life of a product that is not based on an adequate test.
- Falsely representing that the services are of a particular standard, quality or grade.
- Representing that the seller or supplier has a sponsorship, approval or affiliation which he does not have.
- Making a false or misleading representation about the need or usefulness of any good or service.
- Representing that the goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits, which such goods or services do not have.

### 8. Data Analysis and interpretation

**Table 1:** Behaviour of the respondents towards various features of the Soft Drinks

| S. No. | Factors               | Options            | No. of Respondents | Percentage |
|--------|-----------------------|--------------------|--------------------|------------|
| 1.     | Soft Drinks           | Coca Cola          | 45                 | 30.00      |
|        |                       | Pepsi              | 46                 | 30.67      |
|        |                       | Thums Up           | 39                 | 26.00      |
|        |                       | Mountain Dew       | 20                 | 13.33      |
| 2.     | Reason for Preference | Taste              | 60                 | 40.00      |
|        |                       | Quality            | 35                 | 23.33      |
|        |                       | Price              | 55                 | 36.67      |
| 3.     | Source of Information | TV Media           | 82                 | 54.67      |
|        |                       | Press Media        | 31                 | 20.67      |
|        |                       | Radio              | 5                  | 3.33       |
|        |                       | Magazines          | 9                  | 6          |
|        |                       | Friends/ Relatives | 23                 | 15.33      |

From table 1 we can infer that 45% of the respondents drink Coca Cola, 60% of the people prefer it on the basis of quality, also price which should be the main factor of purchase

accounts only for 55% and TV is the main source of information for the respondents accounting for 82%.

**Table 2:** Behaviour of the respondents towards features of the Advertisement

| S. No. | Factors                | Options                            | No. of Respondents | Percentage |
|--------|------------------------|------------------------------------|--------------------|------------|
| 1.     | Necessity of Ethics    | Social Issue                       | 22                 | 14.67      |
|        |                        | To follow code of conduct          | 28                 | 18.67      |
|        |                        | Create Awareness                   | 66                 | 44.00      |
|        |                        | Reaches multiple number of persons | 34                 | 22.66      |
| 2.     | Ethical Value          | Never                              | 33                 | 22.00      |
|        |                        | Occasionally                       | 63                 | 42.00      |
|        |                        | Always                             | 54                 | 36.00      |
| 3.     | Purchase Decision      | Sometimes                          | 85                 | 56.67      |
|        |                        | Always                             | 35                 | 23.33      |
|        |                        | Occasionally                       | 30                 | 20.00      |
| 4.     | Level of Ethical Value | Good                               | 65                 | 43.33      |
|        |                        | Average                            | 31                 | 20.67      |
|        |                        | Excellent                          | 54                 | 36.00      |

From table 2 we come to know that 44% of the respondents think that there is need for ethics in the advertisement to create awareness among people, 42% of the respondents believe that ethical values from advertisement media is occasionally, 36% of the respondents felt that there is relevant information of ethics in advertisement, 56.67% of the respondents view that parents’ purchasing decision is sometimes and 43.33% of the respondents believe that there is ethical value level of advertisement is good.

Sprite ranked fifth with the score of (786), and Fanta ranked sixth with the score of (729).

**Table 3:** Scores of Soft Drinks Companies in Ethical Advertisement point of view

| S. No. | Companies    | Score |
|--------|--------------|-------|
| 1      | Coca Cola    | 1560  |
| 2      | Pepsi        | 1200  |
| 3      | Thums Up     | 900   |
| 4      | Mountain Dew | 825   |
| 5      | Sprite       | 786   |
| 6      | Fanta        | 729   |

Table 3 shows that soft drinks companies in ethical advertisement point of view, it is observed that Coca Cola ranked first with the score of (1560), Pepsi ranked second with the score of (1200), Thums Up ranked third with the score of (900), Mountain Dew ranked fourth with the score of (825),

### 9. Conclusion

False advertising is illegal in most countries. However, advertisers still find ways to mislead consumers in ways that are legal, or technically illegal. Marketers have just one aim in mind – sell as much as possible to as many as possible. They do not mind using unethical practices. For them, reaching the end is more important than the means. Misleading advertisements makes tall claims making an impact on the buying behaviour of the customers. There are certain wise consumers who go by the fact, but there is a huge group of customers that fall for the claims presented in the advertisement. So the governing agencies enforce stronger laws to warn anyone involved in a proven misleading advertisement.

This study has been conducted in Lucknow city of Uttar Pradesh. An attempt was made to assess the consumers’ preference and to measure their level of satisfaction towards advertisements of soft drinks. It is also attempted to understand their expectations, needs and their preference, which will be useful to the companies of soft drinks to adopt innovative ideas to fill the gap between expectations of the sellers and consumers. In the modern world, for almost all

business houses advertisement is an important one. Earlier it was used as a communication media but today the advertising is used as a source of influencing the consumers and it is particularly best applicable to the soft drinks. The success of any business depends more on how marketing strategies are planned and used in the long run rather than viewing the results in the short run. This will facilitate any business to make a self-assessment so as to add more strength to their business, to face competition.

### 10. Initiatives by the government

- a. The Consumer Protection Act, 1986
- b. The Emblems and Names (Prevention of Improper Use) Act, 1950
- c. Trade and Merchandise Marks Act, 1958.
- d. Cable Television Networks (Regulation) Act, 1995
- e. Indecent Representation of Women (Prohibition) Act, 1986
- f. Monopolies and Restrictive Trade Practices Act, 1969
- g. Drugs and Cosmetics Act, 1940
- h. Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
- i. Pre-natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994
- j. Prevention of Food Adulteration Act, 1954/ Food Safety and Standards Act, 2005
- k. Prize Chits and Money Circulation Schemes (Banning) Act, 1978
- l. Prize Competition Act, 1955
- m. The Young Persons (Harmful Publications) Act, 1956
- n. Insurance Regulatory Development Authority & Telecom Regulatory Authority of India
- o. Securities and Exchange Board of India, Reserve Bank of India & Medical Council of India

### 11. References

1. Anandsen Gupta. published a paper on “Ethics in Advertising is passé”, Indian Journal of marketing. 32(8).
2. Arrington R. Advertising and Behavior Control. In Beauchamp, T. and Bowie, N. (Eds.), Ethical Theory and Business. Prentice Hall. 2004, 649-656.
3. Bansal R, John S, Ling PM. Cigarette advertising in Mumbai, India: targeting different socio-economic groups, women and youth. Tob Control. 2005; 14:201-206.
4. Barone MJ, Miniard PW. How and When Factual Ad Claims Mislead Consumers: Examining the Deceptive Consequences of Copy x Copy Interactions for Partial Comparative Advertisements, Journal of Marketing Research. 1999, 2:10-16.
5. Bearden William O, Jesse Teel E, Robert R. Wright Family Income Effects on Measurement of Children’s Attitudes toward Television Commercials, Journal of Consumer Research. 1979; 6:308-311.
6. Becker GS, Murphy KM. A simple theory of advertising as a good or bad, Quarterly Journal of Economics. 1993; 108:941-964.
7. Burns R, Ferrell J, Orrick E. False advertising, suggestive persuasion, and automobile safety. Southwest Journal of Criminal Justice. 2005; 2(2):132-152.
8. Byrd-Bredbenner C, Grasso D. The effects of food advertising policy on televised nutrient content claims and

- health claims, Family Economics and Nutrition Review. 2001; 13:37-49.
9. Clara Muela-Molina. Misleading advertising: a study of radio spots in Spain, ISSN 1405-1435, UAEM, num. mayo-agosto. 2013; 62:13-43.
10. Conna J, Garrison H, Treise D, Weigold MF. Ethics in advertising: ideological correlates of consumer perceptions. Journal of Advertising. 1994; 23(3):59-69.
11. Craken Grant. Who is the celebrity endorser? Cultural Foundations of the Endorsement process, Journal of consumer Research. 2007; 16(3):310- 321.
12. Crisp R. Persuasive advertising, autonomy and the creation of desire. Journal of Business Ethics. 1987; 6:413-418.
13. Drumwright ME, Murphy PE. The current state of advertising ethics. Journal of Advertising. 2009; 38(1):83-107.
14. David Moore J, John Mowen C. Multiple Sources in Advertising Appeals: When Product Endorsers Are Paid by the Advertising Sponsor, Journal of Academy of Marketing Science. 1994; 22(3):234-243.
15. Debarati Dhar. Advertising and its social responsibility, Student’s Research Global Media Journal–Indian Edition/ Summer. 2011, 1-6.
16. DPS Verma. Regulating Misleading Advertisements: Legal Provisions and Institutional Framework, Vikalpa. 2001; 26(2):51-57.
17. Foley JP. Misplaced marketing commentary, Ethics in advertising: a report from the Pontifical Council for Social Communications. Journal of Consumer Marketing. 1997; 16(3):220 223.
18. Friedman. Endorser Effectiveness by product Type, Journal of Advertising Research. 2003; 19(5):63-71.
19. Glaeser EL, Ujhelyi G. Regulating misinformation, Journal of Public Economics. 2010; 94:247-257.
20. Gordon W. What Do Consumers Do Emotionally with Advertising? Journal of Advertising Research. 2006; 46(1):2-10.
21. Graff S, Kunkel D, Mermin ES. Government can regulate food advertising to children because cognitive research shows that it is inherently misleading. Health Affairs. 2012; 31:392-98.
22. Haefner MJ. Ethical problems of advertising to children. Journal of Mass Media Ethics. 1991; 6(2):83-92.
23. Hansen ZK, Law MT. The political economy of truth-in-advertising regulation during the progressive era, Journal of Law and Economics. 2008; 51:251-269.
24. Hastak M, Mazis M. Consumer perceptions of health claims in advertisements and on food labels. Journal of Consumer Affairs. 2005; 3:11-24.
25. Henthron TL, La Tour MS. Ethical judgments of sexual appeals in print advertising. Journal of Advertising. 1994; 23:81-90.
26. <http://www.knowthis.com/types-of-advertisingmedia/television-advertising>
27. <http://yourbusiness.azcentral.com/disadvantagesadvertising-television-1440.html>
28. Imran Sayed. An Empirical Research on Misleading Advertisements and Its Impact on Consumer Buying Behaviour, Proceedings of the Second International Conference on Global Business, Economics, Finance and

- Social Sciences (GB14Chennai Conference) ISBN: 978-1-941505-14-4 Chennai, India. 2014; 11(13):1-6.
29. John Kottman. A Semantic Evaluation of Misleading Advertising, *Journal of Communication*. 1964; 14:151-156.
  30. Linn Marcia C, Tina de Benedictis, Kevin Delucchi. Adolescent Reasoning about Advertisements: Preliminary Investigations, *Child Development*. 1982; 53:1599-1613.
  31. Manoj Kulkarni S, Mehta MB. Buying Practices and Consumer Rights Awareness amongst Management Students, Munich Personal RePEc Archive, *International Journal of Management*. 2013, 1(1).
  32. Mehta A, Purvis SC. Reconsidering Recall and Emotion in Advertising. *Journal of Advertising Research*. 2006; 46(1):49-56.
  33. Naveen Donthu. A Cross-Country Investigation of Recall of and Attitudes toward Comparative Advertising, *Journal of Advertising*. 1998; 27(2):111-121.
  34. Pechmann C, Shih C. Smoking scenes in movies and antismoking advertisements before movies: effects on youth. *Journal of Marketing*. 1999; 63(3):1-13.
  35. Pollay RW. The distorted mirror: reflections on the unintended consequences of advertising. *Journal of Marketing*. 1986; 50:18-36.
  36. Raymond Burke R, Thomas Srull K. Competitive Interference and Consumer Memory for Advertising, *Journal of Consumer Research*. 1988, 55-68.
  37. Rasa Daugeliene, Monika Liepinyte. Interrelation of misleading advertising and solutions of consumers: legal regulation and institutional background in Lithuania, *Issn 1822-8402 european integration studies*. 2012; 6:192-201.
  38. Remziye Terkan. Importance of Creative Advertising and Marketing According to University Students' Perspective, *International Review of Management and Marketing*. 2014; 4(3):239-246.
  39. Romaniuk J, Wight S. The influence of brand usage on responses to advertising awareness measures *International Journal of Market Research*. 2009; 51(2):203-218.
  40. Rubinson J. Empirical Evidence of television Advertising Effectiveness *Journal of Advertising Research*. 2009; 49(2):220.
  41. Rumbo JD. Consumer resistance in a world of advertising. 2002. clutter. <http://www.chestjournal.org/11115674/dj/98gv>
  42. Russo JE, Metcalf BL, Stephens D. Identifying misleading advertising. *Journal of Consumer Research*. 1981; 8:119-131.
  43. Saffer H. studying the effects of alcohol advertising on consumption. *Alcohol Health and Research World*. 1996; 20(4):266-272.
  44. Sam Bradley. Marketers Are Always Looking for Good Pitchers, *Brandweek*. 11. David Moore J, John Mowen C. Multiple. 1996; 9:36-37.
  45. Sandra L, Calvert. Children as Consumers: Advertising and marketing. 2008; 18(1):205-234.
  46. Schaffter SJ. Privileging the privileged: gender in Indian advertising. Promilla & Co., Publishers in association with Bibliophile South Asia, New Delhi and Chicago. 2006.
  47. Shanahan KJ, Hopkins CD. Truths, Half-Truths, and Deception: Perceived Social Responsibility and Intent to Donate for a Nonprofit Using Implicature, Truth, and Duplicity in Print Advertising. *Journal of Advertising*. 2007; 2:33-48.
  48. Tamburro RF, Gordon PL, Apolito JPD, Howard SC. Unsafe and violent behavior in commercials. 2004; 25(1):55-71.
  49. Zinkhan GM. Advertising ethics: emerging methods and trends, *Journal of Advertising*. 1994; 23(3):1-15.