

## **Effect of Advertisement on Consumer Brand Preference**

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**Abstract:** *There has been constant and intense competition by organizations through the use of advertisement as a tool. Nowadays we as consumers have been encircled or rather sieged by advertisements of different organizations. Market researchers argue that these advertisements are still important in attracting consumers to a certain brand, however critics believe it's becoming less effective. The telecom industry in Nigeria has been a field where we have witnessed lots of advertisement in the country. Therefore knowing what happens behind the scenes seems very crucial for major players'. The purpose of this research is to investigate the effects of advertisements on consumer brand preference in the Nigerian telecom industry. Accordingly we first tried to understand advertisement and how it works and how each brand uses it to achieve its objectives and afterwards past literature on how advertisement has affected brand preference in different fields are presented. The participants in the study are customers of the three major telecom brands in Nigeria and the data collection methods used were both questionnaires and interviews. The method used is questionnaire. It was evidently concluded that advertisement remains a major tool for telecom companies to gain market share.*

**Keywords:** *Advertisement, Consumer, Brand and Preference*

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### **1.1 Introduction**

For us living in the 21<sup>st</sup> century viewing and being in contact with daily advertisement has become habitual for us that we forget to realize the effects it has on our subconscious as consumers. Marketers are frequently trying to come up with not only new advertisement strategy that appeals to the consumer but also new modes of advertisements to pass the message about their brand to the final consumer. For marketers of different products nowadays this has become a battlefield in which advertisement is used as a weapon to earn consumer's love for their products. This intense use of advertisement has led to many scholarly writings and research about the effects of advertisement on consumer brand preference, how much of an organizational budget should be spent on advertising? , What be the preferred mode of passing our information to our target customers? These sorts of questions arise. To understand the basics of what we be investigating in this project it is necessary to see what makes organizations get involved in this battle. The survival of any organization is based on two things.

Firstly sales of its product. For an organization to sell its product, Programs and methods have to be formed that can draw people to their product, this is where Advertisement and its method and tricks come to play. Advertisement becomes the major avenue which the Organization can create awareness of its product and service and influence the mind of its potential customers. Secondly maintaining/ growing market share and developing customer loyalty. For the continual survival of such organization it has to continue advertising in a way that appeals to the consumers hence giving them a good perception about the product, Making it their preferred brand and sticking to it as loyal customers. This two outlined survival reasons has led to much innovation in advertisement than any other field of marketing. This started from the use of radios, posters, billboards, magazines, televisions and enhancing itself into internet advertisements. More innovative methods in contents and modes of advertising continue to spring up in our world. The mobile telecommunication industry in Nigeria has become synonymous with advertisement and consumer preference in Nigeria. Considering Nigeria as a country with a population of 180 million people these seems to be the right place for mobile network providers to grab market share. Since the launch of GSM, the Global System for Mobile communications in 2001, MTN , GLO and AIRTEL have been the major players in the mobile telecommunication industry with etisalat currently known as 9mobile joining the industry much later. According to Nigerian Communications Commission [NCC] (2018) MTN holds the largest market share of 40% representing 64 million subscribers followed by airtel with a 26% market share of 41 million subscribers then Glo with 25% market share of 40 million subscribers and lastly 9mobile with a 9% market share of 15 million subscribers. With the emergence of

new markets like internet subscription the story nevertheless remains the same with MTN holding onto the largest internet subscribers. The telecommunication industry being a very productive and innovative industry has so far contributed 10.43% to the Nigerian GDP as of the second quarter of 2018 (Nigerian Communications Commission, 2018b). The inclusion of new services especially that in collaboration with banks to provide mobile banking and also access to e-learning platforms to a lot of Nigerians has helped to make the industry's growth realistic. However like any industry competition has become very tense for the major brands as they have to fight to retain and grow their market share due to the shift of consumer preference from purely mobile services to internet based services. These foremost mobile operators have to now compete with solely internet providers like ntel, spectranet and smile etc for market share.

## **1.2 Statement of the problem**

The research has been undertaken with the major aim to understand the effect of advertisement on consumer brand preference in the telecommunication industry. Due to large competition amongst organizations, There is a rising need to spend on factors that benefit the profitability of the organization. However without saying much we can see that organizations especially in the telecom industry are pumping billions of naira into advertising. Critics and a lot of marketers are therefore having doubts if this spending on advertisement has an effect on consumer brand preference in the telecommunication industry especially where all the major service providers are well known and have established market share. Therefore answering this problem also further help us identify the impact of some advertising methods like the use of celebrities in advertising on consumer brand preference in the telecom industry. Like we have seen continuous use of this method by Glo, has it worked or not. Lastly the research determine if advertisement can alter already perceived quality of the product which hence affect consumer brand loyalty.

## **1.3 Research Objectives**

The major objective of study is to identify the effect of advertisement on consumer brand preference. The objectives in numerical listing are.

- i. To seek out the effects of advertisement on consumer brand preference.
- ii. To identify the impact of celebrities in adverts on consumer brand preference
- iii. To identify the influence of advertisement on established or perceived quality this can change brand Preference.

## **1.4 Research Questions**

The following questions were developed to guide the study.

- i. Does advertisement have an effect on consumer brand preference?
- ii. Does the use of celebrities have an impact on consumer brand preference and buying decisions?
- iii. Can advertisement alter perceived / established quality of product among consumers?

## **1.5 Scope of study**

The scope of study for this research covers the effect of advertisement on consumer preference by the major telecom brands in Nigeria.

## **1.6 Literature Review**

### **1.6.1 Conceptual Framework**

Advertisement plays a crucial role in the survival of any organization. It is the avenue that leads to sales and awareness of a product or service that the organization provides. Advertising can therefore be defined as an action of drawing out the public attention to a good or service in exchange for a monetary value. Therefore advertising in the general sense is an action and it's not limited to only the use of print media , television ,internet or any other specific medium (Kotler,2018). Advertisement on the other hand is the public notice itself done in other to influence or inform members of the public. These advertisement can be inform of print media,

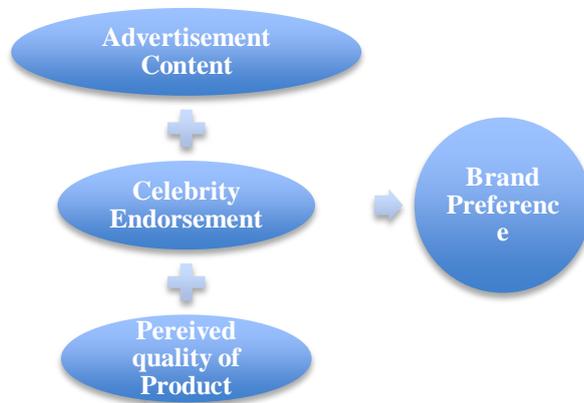
radio broadcast , television , internet , mouth to mouth etc. However the words are very common and used interchangeable in day-to-day speech. Due to excess advertising nowadays consumers of products and services might find them annoying and cluttering nevertheless advertising plays an important role in the society. A major role in our society is that it shapes our opinion about everything from Goods and services to politics and contemporary issues.

A forbes article (2012) stated that the role advertising plays in media is equivalent to the role vegetable plays in a diet. Although it doesn't necessary taste great it is what forms and sustains the body. Additionally advertising supports the essence of many institutions including those in the Television industry, Newspaper outlets, social media websites and popular search engines like Google and Yahoo etc. In fact according to the Newspaper Association of America (2014), 80% revenue for newspapers comes from advertisements. The advertising business is also a very lucrative and productive one. It is estimated that between the year 2016 – 2021 Nigeria achieve a USD 2.8 billion as a revenue from television and internet advertising alone (PWC, 2016). Businesses engage in advertisement because it brings them benefits which include winning new customers for the brand. The advert that educates potential customers about its product in a convincing manner win new customers. Advertisement creates awareness for a product that otherwise be unknown to people if advertisement wasn't in play.

Due to that awareness when consumers have certain problems they recall an advert they have come in contact with. For example when a consumer requires shaving his hair he recalls an advert on gullet razors he watched or saw on newspaper. Furthermore advertisement helps in retaining customers to brand as it reminds them of the brand's continuous presence in the market. These induce brand loyalty in them and keep them from moving on to other brands. Lastly but not the least advertisement helps in competition with other brands in the industry. When a company's advert is able to convince consumers that its product or services function better than those of competitors. It helps the company maintain a competitive advantage in the market. Lots of scholarly work and research has been conducted by individualsto measure the effects of advertisement on consumer brand preference. Brand preference is when a consumer chooses a particular brand in the presence of other competing brands. This is largely influenced by the success of marketing strategies and tactics employed by the company. Kotler(2017). This marketing strategies and tactics involve the ability of organizations to study and influence consumer behavior using advertisement as a means. The marketers could go in details and study consumer behaviour which includes mental and emotional thoughts of people who purchase certain goods and services as well as their day to day physical activities. With this study advertisement is then used to attract consumers to that certain product. In the Mobile telecom industry in Nigeria, Advertisement has had a profound effect on the telecom brand most people purchase. A study by MTN in 2015 shows that 60% of its users agreed to purchase their SIMCARD after they were informed by roadside vendors about promos and existing services. Out of that 60%, 90% still use the same network up till date. Also under the effects of advertisement on consumer brand preference, Consumers with high brand loyalty where investigated against consumers with low brand loyalty .Findings show that with increase in advertisement high loyalty consumers increased their purchase of products and sustained a higher level of loyalty. On the other hand advertisements had low impact on consumers with low loyalty.

A very common practice in advertisement today is the use of celebrities as endorsers. In Nigeria this is a common practice by the mobile network GLO and has become a sort of symbol for them. However GLO is still the third in line in market share in Nigerian telecom industry. Celebrities in advertising make the advertisement more noticeable to consumers; it makes a brand differ from other brands that use common people and therefore a good basis of capturing and retaining consumer attention (Muda et al., 2012). Recent Studies show that using celebrities in advertising increases the message's persuasiveness on consumers which results in consumer's easy identification and recall of the products and service (Zhou & Whitla, 2013). This is all due to the underlying image people have of celebrities in their minds as the perfect human beings. However there are risks involved. Celebrities don't tend to be as they are imagined. The high profile lives of celebrities are constantly reviewed and criticized by the media therefore problems are likely to emerge (Jin & Phua, 2014), Common celebrity scandals involve alcohol, drug, sex, or crime related events (Muda et al., 2012). This can harm the reputation of the organization far worse than they imagine if the celebrity isn't dropped. Uses of celebrities have both convincing advantages and disadvantages. A study by (R. Goldsmith, B. Lafferty and S. Newell, 2010) concludes that no matter who has been used in the advertisement, corporate credibility as well as reliability of product outweighs celebrity endorsement in advertisement. This leads us to our next area of discussion which is perceived quality of products. Already perceived quality of products might determine what consumers want to buy intuitively. Therefore if this idea is in ground does advertisement alter consumer preferences? The default setting of any company is to claim high quality. However many brands are already known to have served well than others. For example according to a popular gadget Analyst Tom Guide in his yearly product review, iPhone is better than android because it is much faster, has better hardware and software

integration, it's the easiest phone to use and doesn't succumb to virus. Therefore all iPhone loyalists wouldn't succumb to advertisement made by Android. In fact according to research it shows just that. Even with the Android's new specialties, features and promotions, iPhone still retains the highest sales. Consequently in Nigeria MTN still holds highest market share because it is perceived to give the best calling and internet reception. This is despite both GLO and MTN Adverts. Based on the literature written above our conceptual framework from a pictorial view is in fig 1.1, wherein the independent variable has 3 content.



### **1.6.2 Empirical Review**

A very similar study was conducted in the Nigerian food industry. Ayanwale et al (2005) studied the effects of Advertisement on consumer brand preference for Bournvita (which is a leading Food drink in the food and beverage industry). His Results showed that both male and female from different age groups and regions were influenced by advertising done by the brand. Highest reason for the adoption of the brand by consumers was due to its very informative and lively advertisement ( 42%) and its rich quality in taste ( 40%).

## **1.7 Methodology**

### **1.7.1 Research Design**

The philosophical worldview adopted in this research was empiricism and interpretivism. Empiricism worldview was adopted because in this research we plan to observe and experience the effect of advertisement on individuals and groups of people, we gathered a group of 100 students on campus and interviewed them as well as gave them questionnaires to answer. The questions in the questionnaire were why they chose to adopt a specific mobile network? Which method of advertisement had a profound effect on them and What feature in the advertisement attracted them to that brand? We also adopted interpretivism because information on the research be best acquired through social interaction rather than objective data. This is strongly because of the dependent variable which is Consumer brand preference. The best way to understand Consumer brand preference is to study consumer behavior which can only be acquired from interaction with different consumers of mobile services. This method was also adopted also because every consumer has a genuine reason why he adopted a specific mobile operator. Therefore this view help us be able to categorize and classify.

Mixed methodological Approach is the preferred approach for this research. We try to analyze information based on Interpretative understanding when interacting with target population as well as the use of quantified data to obtain relationships and effects. e.g regression analysis. Using the two methods best explain the effects of advertising on consumer brand preference.

A descriptive research study was used because our topic of research is a social one. We fully describe how advertisement (Independent variable) affects consumer behavior (dependent variable). This design is therefore going to be rigid which means it protected from all type of biasness. Structured and well thought out instruments for data collection be used e.g survey, interview, and well-structured questionnaires. Random Sampling method be employed after getting target population reason been is explained in the next section.

### **1.7.2 Population and Sampling**

The Telecom companies which were included in this research are MTN, AIRTEL, GLO. & 9mobile. Using simple random sampling 200 students were chosen at Random at university of Abuja, gwagwalada and also in Wuse market 80 people were chosen at random and given questionnaires and also interviewed. simple random sampling has been chosen because the people are easily accessible and majority of Nigerians and students irrespective of state, ethnicities and income level use one out of 3 of these mobile networks. Therefore short interviews be conducted with students around campus and pedestrians at wuse market as well as structured questionnaires be handed out for answering. These locations were chosen because they are institution which every Nigerian easily access irrespective of background, ideas and culture.

### **1.7.3 Data Collection**

For more detailed information and explanation both primary and secondary data sources were used.

- i. Primary Data: The primary data are collected through observation, direct communication with respondents or through personal interviews.
- ii. Secondary data: There has been a lot of research and written literature about the effects of advertisement on brand preference. So we source data and information from Books, newspapers, journals, magazines and research papers.

### **1.7.4 Data Analysis and Techniques**

After data was collected from our wide range of participants in Wuse Market and University of Abuja, Gwagwalada. We first categorized them according to demographics. Categories included gender, marital status, age, educational status and monthly income. In our interviews respondents were asked about all these information before answering the major question, so that we could connect the dots on how their demographic affected their answers. Thereafter we form a table so as to make our data in a numerical form ready for statistical analysis.

<b>Gender</b>	<b>Amount</b>	<b>Percentage</b>
Female	150	54%
Male	130	46%
<b>Age</b>		
15 -25	100	36%
25 -35	70	25%
35 -45	70	25%
45 and above	40	14%

After finding our population, categorizing according to demographics and preparing a table. Since we engaged in an interpretive philosophical research our questionnaires and interviews explicitly gave us an idea about the answers to our research objectives. We saw that advertisement although still had a large impact on consumer brand preference. From answers derived from our questionnaires and interviews MTN still maintains the highest market share because of its perceived quality of service. MTN customers according to our analysis firmly believe that MTN is still the best service provider in the country therefore they are unaffected by the advertisement of other telecom providers. According to our demographics both male and female of the age groups 15 to 25 and 25 to 35 said the use of celebrities attracted them to choose Glo. Both the male and female of age group 35 and above said that perceived value and recommendation from family attracted them to choose MTN. From this we can see that advertisement has a profound effect on consumer brand preference, however the strategy determines how significant the effect can be.

## **1.8 Recommendations and Conclusion**

From our research study, we can recommend to all marketers and managers in organizations, that advertisement has a major impact on consumer brand preference. However careful consideration should be made based on industry competitiveness. In the telecom industry the competition is rather tough and even with MTN, Airtel and Glo being major players. They all use advertisement to gain consumer brand preference strategically. MTN uses already established value to maintain its customers thereby introducing to them new products with better quality, Airtel provides innovative telecom ideas and cheaper mobile services to maintain its market share and Lastly Glo uses celebrities as a tool to generate love of its product in customers.

In conclusion the study concluded various findings regarding the effect of advertisement on consumer brand preference and most of the findings showed a positive relationship and that advertisement continues to be among the major elements in maintaining consumer brand preference.

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