The Role of Media on Consumer Brand Choice

A Case Study of Chocolate Industry

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Abstract

When the rapid growth of various brands in India has led to a tight competition and consumers are faced with brand choice in the market, it becomes necessary for manufacturers to understand the major factors attracting buyers to his own brand. The survey of 538 randomly selected consumers of Pune/India examined the role played by media on consumer brand choice of Cadbury Dairy Milk (chocolate brand). Results revealed that the age group of consumers does not have significant effect on reception of advertizing by Cadbury Dairy Milk. It also shows that 37.7% of the consumers prefer Cadbury Dairy Milk more than other brands of chocolate. The major reason for brand preference is advertisement (52.6%). TV advertising was most preferred by 78.8% of the respondents of all the media used. High preference for advertisement is highlighted for companies that want to not only retain their market but to increase their market share.

Keywords: Brand choice, Media, Chocolate industry, Cadbury India

1. Introduction

Indian consumers are seemingly more and more doctored and enlightened about products; media channels that provide companies to convey with consumers are adopting in diversity and reach. Consumers are getting richer, leading to competition in the market place for consumer products. The result is that consumer companies are increasingly pertained with marketing issues, as they seek to tell apart their products and communicate their appreciates to potential customers. Media advertising is of changing apprehension to companies, as channels burgeon and product offerings become more advanced and bigger and bigger part of the marketing mix. Companies do not have any other option except advertise. The biggest challenges in the front of companies are recognize consumer insights and hit the target.

1.1 Chocolate Market in India

✓ Chocolate market is estimated to be around 1500 crores growing at 18-20% per annum. Cadbury is the market leader with 72% market share.

✓ The per capita consumption of chocolate in India is 300 gram compared with 1.9 kilograms in developed markets such as the United Kingdom.

✓ Over 70 per cent of the consumption takes place in the urban markets.

✓ Margins in the chocolate industry range between 10 and 20 per cent, depending on the price point at which the product is placed.

✓ Chocolate sales have risen by 15% in 2007 to reach 36000 tones according to one estimate. Another estimate puts the figure at 25000 tones.

✓ The chocolate wafer market (Ulta Perk etc) is around 35 % of the total chocolate market and has been growing at around 13% annually.

✓ As per Euro monitor study, Indian candy market is currently valued at around USD 664 million, with about 70%, or $ 461 million, in sugar confectionery and the remaining 30%, or USD 203 million, in chocolate confectionery.

✓ The global chocolate market is worth $75 billion annually.
1.2 Companies & Brands

The chocolate market in India has only three big players, Cadbury, Nestle and Amul.

- Cadbury brands: 5 Star, Bytes (chocolate snack), Celebration, Dairy Milk, Gems, Perk.
- Nestle brands: Bar One, Kit Kat, Milkybar, Munch, Nestle.
- Amul brands: Amul (Chocozoo, Chocomines).
- Cadbury Dairy Milk is the market leader.
- 5 Star (heritage brand which came to India in 1969) has a market share of 14%.

1.3 Consumer Trends

1. “Mithai” the traditional Indian sweets is getting substituted by chocolates among Indians. Instead of buying sweets on Raksha Bandhan, sisters prefer offering chocolates to their brothers. This is the reason for sudden spurt in advertisement between July & September.

2. The range and variety of chocolates available in malls seems to be growing day by day, which leads to lot of impulse sales for chocolate companies.

3. Chocolates which use to be unaffordable, is now considered mid-priced. Convenience over Mithai in terms of packaging and shelf life in making both middle class and rich Indians opt for chocolates.

4. Consumers can choose from wide range of chocolates, which initially was limited to Milk chocolates. In past few years we have seen so many SKUs (Stock Keeping Unit) with almonds, raisins and all sorts of nuts.

5. In past, consumers had negligible inclination for dark chocolates. But now we have seen a change in the Indian palate, which is increasing the base of this sub-segment.

1.4 Advertisement Trends


2. Cadbury India Ltd rules chocolate advertising on television.

3. 17% more advertising during third quarter 2007 (Raksha Bandhan festival) compared to first quarter 2007.

4. Cadbury India Ltd was way ahead of its peers with 66 per cent share followed by Nestle India Ltd and Parle Products Pvt Ltd during January-November 2007.

5. During January-November 2007 the number of new chocolate brands advertised decreased to seven from 12 during 2006.


1.5 Trends of Cadbury Dairy Milk in India

Since its origin in India, Cadbury’s Dairy Milk as a brand has a continuously been working on market penetration strategies, where new segments and sub-segments have continuously been identified by the company.

Cadbury Dairy Milk was considered as a surrogate of parental affection for children. Chocolates were then meant for kids only and were seen as an indulgence product and some of the negative associations with it-too much of it was bad and bad for health.

With communication consciously addressing kids, consumption also got restricted within the same segment resulting in brand stagnation. In 1994, the company made an effort to expand the consumer base by making Cadbury Dairy Milk aspirational and desirable to the adult segment. Extensive brand audits on the consumer pulse revealed that Cadbury Dairy Milk moments where spontaneous, carefree, special, real moments. So, what if these moments where brought back to life even for adults? To increase category relevance, give consumers a taste of life the CDM way real, fun and free. Integrate the “real” chocolate of Cadbury Diary Milk to “real” feelings. This gave rise to the famous Cadbury’s “Taste of Life” communication, which completely changed the format in which chocolate were sold and Cadbury Dairy Milk was able to break itself free from the clutter.

After a point in time, brands like Kit Kat and Cadbury’s own brand Perk introduced a new variant of chocolate in wafer, which was considered younger, trendy, futuristic, exciting and smart. Cadbury Dairy Milk started to find
that the market again was starting to stagnate. Research also revealed that “Real Taste of Life Campaign” cut ice only with the metro audience, the barriers of Middle/Bottom end consumers still remained to be addressed and as a result, brand growth rate was slower than the chocolate market growth. In the second phase, Cadbury Dairy Milk tried to get across to a larger section of the audience, and it tried to capture the essence of India and tried to introduce Cadbury Dairy Milk as a substitute for sweetmeat and positioned itself as a “Kuch Meetha Ho Jaye”.

Efforts were made for the “Indianisation” of the brand and to increase width of consumption by entering the Indian mind-space-Make Cadbury Dairy Milk part of Indian customs and mores.

This campaign was later supplemented with Amitabh Bachchan being brought in to endorse the brand. The proposition to Kuch Meetha Ho Jaye was not removed and remained the main brand promise. Having tapped into the traditional customs where sweets were an integral part of all activities, Cadbury Dairy Milk moved on to another important plank of integrating with Indian culture, the sharing of all good news with a box of sweets, an idea extended further with the “Pappu Pass Ho Gaya” campaign. Amitabh Bachchan remained an essential part of both the campaigns and the strategy helped increase brand penetration (especially in smaller towns) leading to a brand growth of around 40%.

The success of the Cadbury Dairy Milk strategy was purely based on how a brand initially tries to extend from a segmentation strategy, as a part of a market development strategy to further create new associations and thus work towards market penetration strategy. Cadbury Dairy Milk’s efforts to make the brand relevant by developing new associations like festivals, marriages, sharing a good news and etc., clicked well with the masses and extended the product’s usage platform from a limited usage situation to an extended buying situation.

1.6 Media and Advertisement

“Media” In general, refers to various means of communication. For example, television, radio, and the newspaper are different types of media. The term can also be used as a collective noun for the press or news reporting agencies.

Advertising, sales promotion and public relations are mass-communication tools available to marketers. As its name suggests, mass communication uses the same message for everyone in an audience. The mass communication tools trade off the advantage of personal selling, the opportunity to tailor a message to each prospect, for the advantage of reaching many people at a lower cost per person (Etzel et al., 1997).

Dunn et al. (1987) viewed advertising from its functional perspectives, hence they define it as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience.

Morden (1991) is of the opinion that advertising is used to establish a basic awareness of the product or service in the mind of the potential customer and to build up knowledge about it.

Kotler (1988) sees advertising as one of the four major tools companies use to direct persuasive communications to target buyers and public noting that “it consists of non-personal forms of communication conducted through paid media under clear sponsorship”. According to him, the purpose of advertising is to enhance potential buyers’ responses to the organization and its offering, emphasizing that “it seeks to do this providing information, by channeling desire, and by supplying reasons for preferring a particular organization’s offer”.

From the foregoing, it could be concluded that the purpose of advertising is to create awareness of the advertised product and provide information that will assist the consumer to make purchase decision, the relevance of advertising as a promotional strategy, therefore, depends on its ability to influence consumer not only to purchase but to continue to repurchase and eventually develop-brand loyalty. Consequently, many organizations expend a huge amount of money on advertising and brand management.

1.7 Media and Consumer Behavior

Advertiser’s primary mission is to reach prospective customers and influence their awareness, attitudes and buying behavior. 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 advertisers goals 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 behavior: the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 1996).

Consumer behavior analysis helps to determine the direction that consumer behavior is likely to make and to
give preferred trends in product development, attributes of the alternative communication method etc. consumer behaviors analysis views the consumer as another variable in the marketing sequence, a variable that cannot be controlled and that will interpret the product or service not only in terms of the physical characteristics, but in the context of this image according to the social and psychological makeup of that individual consumer or group of consumers.

Economic theory has sought to establish relationships between selling prices, sales achieved and consumer’s income; similarly, advertising expenditure is frequently compared with sales. On other occasion financial accounting principles maybe applied to analyze profit and losses.

Management ratios, net profit before tax, liquidity and solvency ratios can all be investigated. Under the situations the importance of the consumer’s motivations, perceptions, attitudes and beliefs are largely ignored. The consumer is assumed to be “rational” that is, to react in the direction that would be suggested by economic theory and financial principles. However, it is often apparent that consumer behaviors do not fall neatly into these expected patterns. It is for this reason that consumer behavior analysis is conducted as yet another tool to assess the complexities of marketing operations.

Today, in India, there exist more than twenty brands of chocolate confectionary both local and foreign, out of which Cadbury Dairy Milk is the market leader. Existing and popular brands, therefore, face intense competition with the affordable localized brands with high sugar content targeted at the low-income groups. It is, therefore, imperative for the more established brands of chocolate confectionary to employ brilliant advertising and branding strategies to influence consumers’ behaviors in order to continue to enjoy and maintain market leadership.

This paper examines the role of Media on a leading company in the chocolate confectionary category as a case study.

2. Literature Review

Many researchers including Brassington and Pettitt (2003), Erdogan and Baker (2000) and Redenbach (2000) have found that brands are sensitive to the communication and anchors which catalyze consumer behavior. Ekelund and Gramm (1969) analyzed the relationship between advertising and aggregate consumption and they could not establish the positive relationship between advertising and consumption. While, Tylor and Weiserbs (1972) found that there is a positive relationship between aggregate demand and aggregate consumption.

Baldinger and Robinson (1996) have observed that, brand managers are supplementing their mass-media advertising with more direct communications, through direct and interactive methods to build and maintain consumer loyalty. McConnell et.al (1968) tried to find out the correlation between advertising spending and GNP, industrial production. They could not establish the link between these variable. Chowdhury (1994), a more closely related study considered the relationship between advertising and several macro economic factors during the period of 1960-91 in U.K. He could not able to find the relation between advertising and consumption, while he could able to find relation between advertising and employment.

Verdon and McConnell (1968) studies the relationship between advertising and aggregate demand, they found that advertising have a positive relation with aggregate demand.

3. Objectives

The purpose of this study is to examine activities of Cadbury India Ltd. with respect to branding and advertising of Cadbury Dairy Milk which is the flagship of its products. This research work is also designed to achieve the following specific objectives.

- To determine the role of media on consumer purchase behavior;
- To find out the influence of age on reception of advertising efforts;
- To find out the response of consumers towards awareness in advertisement media.

3.1 Hypotheses Development

The paper tested the following hypothesis:

The age group of consumers has significant effect on reception of advertising efforts by Cadbury Dairy Milk.

4. Methodology

A descriptive research was carried out by applying a survey method. Data for the study were collected by using
the random sampling method among 600 urban respondents in Pune city of India, by means of structured questionnaire in September 2009. Out of 600 distributed questionnaires, 538 were responded to which out of that 52% of the respondents was Male and 47% were Female and the age range between 15 to 65 years old consumers who consume chocolates at least once in a month.

5. Findings

The consumers’ age ranges between 15 and 65 years. The result shows over 61% of the respondents are within the age range of between 15-35 years old. The obvious implication of this finding is the dominance of youths in the market for the products of this company.

According to Figure 1, out of seven most preferred brands (Cadbury Dairy Milk, 5Star, Perk, Bar one, Kitkat, Munch and Nestle, three brands (Cadbury Dairy Milk 37.7%, 5 Star 17.7% and Perk 16.2%) made up about 72% of the brand preference of consumers. It also reveals that Dairy Milk is the most preferred brand.

According to Figure 2, the importance of advertising in retaining and increasing the company’s market is obvious from the result and instructive to the management of the company; various reasons for brand preferences were asked and the response (Advertisement 52.6%, Quality 24%, Availability 17.7%, Sales promotion 3.2%, Price 1.7% and Packaging 0.9%) shows the high impact of Advertising and Quality on brand preferences. The number of years consumers have been aware of Cadbury Dairy Milk were asked and Figure 3 shows that 21.6% of the participants have known the brand for over 20 years, 37.7% over 15 years, 19.9% over 10 years and 20.8% of them have known it over 5 years. This product does not seem to follow the product lifecycle model going by the experience and increased demand for it in spite of long years of its introduction into the market. The assertion that some products may not follow the product lifecycle model may be true in this case.

The Consumers perception of effectiveness of five different media used in advertising Cadbury Dairy Milk was examined. According to Figure 4, the results showed that most consumers (78.8%) perceive TV advertising is the most effective media used for advertisement of Cadbury Dairy Milk, 10.6% Radio, 5.4% Out door, 3.5% Newspaper and 1.7% Magazine; the powerful combination of sound and vision in the TV advertisements might be reason behind the consumer perception for this media.

The Media Influence of Cadbury Dairy Milk on Consumers Age Group was tested in an attempt to test the formulated hypothesis (The age group of consumers has significant effect on reception of advertizing efforts by Cadbury Dairy Milk).

Figure 5 shows 67.5% of age group 15-25 years old, 63.7% of age group 26-35 years old, 71.4% of age group 36-45 years old, 67.1% of age group 46-55 and 68% of age group 56-65 years old agreed to the fact that media advertising has influence on the sales of Cadbury Dairy Milk.

As chi-test statistic shows in Table 1, at 4 DF (Degree of Freedom) and 5% significance level, p-value=0.708 is high so the data does not support hypothesis; So we conclude that, the age group of consumers has no significant effect on reception of advertising efforts by Cadbury Dairy Milk.

6. Discussion

The collected data from the survey shows that brand preference exists in the chocolate industry and the media efforts affects consumer preferences and their brand choice. Out of 7 different chocolate brands which featured in this study, Cadbury Dairy Milk topped the brand preference table in Chocolate industry meaning that it is the favorite chocolate among consumers.

Based on this study, advertisement and quality are the major factors responsible for the success of Cadbury Dairy Milk. The implication of this is that other variables seem not to count much to the consumers as long as the quality of a product is maintained and the brand is also supported by heavy advertising reminding and persuading consumers to continue to buy.

Majority of the consumers claimed to have known Cadbury Dairy Milk over 10 years. And for Cadbury Dairy Milk to have been in existence for more than 20 years and still remain the delight of many consumers of chocolates, it is evident that the brand has enjoyed a relatively prolonged life cycle.

The study also showed that advertisement is the major source of awareness of Cadbury Dairy Milk and Television is the most effective medium which most consumers cited.

In the final analysis, according to Table 1, the chi-square test shows that the age group of consumers does not have significant effect on reception of advertising efforts by Cadbury Dairy Milk.
7. Conclusion

Advertising and quality have major influence on consumers’ preference for Cadbury Dairy Milk. Having been known for more than 15 years by majority of the respondents and still remain their favorite chocolate, the brand has definitely enjoyed a prolonged life cycle apparently being regenerated by advertising.

The stage a product is in its life cycle is very important to a marketer as it help in determining the type of marketing strategies to be embarked upon in respect of the said product.

Concerning the advertising media, this study revealed that Television is the most effective media used in advertising a product. In view of this, more consideration should be given to television as a medium of advertising because of motion; sound, and special visual effects, Geographic coverage also the product can be demonstrated and described on T.V.

The company should employ integrated advertising of their product and allocate more budgets to TV adverts due to the consumers’ preference on it.

References


www.Cadburyindia.com

www.fmcgmarketers.com

Table 1. Chi-Square Test: Age group and Response

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\text{Chi-Sq} = 0.003 + 0.006 + 0.330 + 0.674 + 0.371 + 0.757 + 0.000 + 0.000 + 0.003 + 0.006 = 2.151
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\text{DF} = 4, \ P-Value = 0.708
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Figure 1. Consumers’ Brand Choice

Figure 2. Consumer’s Reasons for Brand Choice
Figure 3. How long consumers have known Cadbury Dairy Milk

Figure 4. Consumers Perception of Different Media Effectiveness in Advertising CDM

Figure 5. Age Groups Perceptions of Media Influence