

Impact of Corporate Advertising – An Empirical Study with special reference to Karnataka State, India.

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Abstract

The crucial importance of corporate advertising becomes highly relevant in the present times since the world moves towards globalization of economy. In developing nations and transnational corporations corporate advertising management has become a thrust area from national development point of view. There is growing recognition in corporate houses on crucial role of corporate advertising in the development of economy in general and corporate image building in particular. Corporate Advertising has become a powerful tool in the modern organizations in India and elsewhere. It has proved its importance in every walk of life. Corporate houses are spending a sizable chunk of money on corporate advertising management. Traditional media, modern media, new media and outdoor publicity campaigns are the prominent tools of corporate advertising. In the 21st century, corporate advertising plays a crucial role in promoting economy of organizations and nations. It is necessary to examine the status, problems and opportunities of corporate advertising in a developing state like Karnataka. This paper tries to analyse, assess, examine to suggest the suitable strategies for corporate advertising management in Karnataka State.

Keywords: Advertisement, Corporate advertisement, Karnataka, globalization, communication

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1. Introduction

Corporate Communication has emerged over the years as a prominent tool of organizational development. The internal publics and external publics of modern organizations are required to work together to support their organization and its leaders. The people-centered specialists are required in modern organization to bridge the communication gap between the organizations and various stakeholders who matter most in this age of competitive business. Usually, the corporate communication departments of BHEL, KPCL, GMR and Philips are managing the corporate advertising activities in order to reach out to various customers and engineer their consent for the consumption of the goods and services. The corporate advertising activities are organized with a view to achieve the goals of business promotion, marketing of goods, corporate reputation management, adequate consumption of goods and services and so on. These four leading public and private undertakings have achieved considerable success in the art and craft of corporate advertising through application of new technologies and adoption of advanced practices. They have also realized the importance of corporate advertising which has become an important component of organizational management over a period of time. The corporate advertising has also emerged as a prominent instrument of customer relationship management in the present times in Karnataka State which has achieved national recognition as a model state from economic development point of view. Scientific evaluation of the impact of corporate advertising assumes profound significance in this age of globalization.

2. Review of Literature

Advertising in India and other nations historically been product oriented. However, with the advent of modern corporations with multiple product and/or service offerings, a different type of advertising has appeared, the primary purpose being to promote the corporation. ‘Corporate,’ ‘institutional,’ or ‘corporate image’ advertising has been defined with some very basic consistency since the 1950's. The concept of corporate advertising has been widened to include ‘advocacy’ and ‘issue’ advertising. Over the past two decades, numerous case studies and strategy articles have been written describing the ways in which corporate advertising has facilitated positive public perceptions of global business. As we move into the first decade of the 21st century, certain factors in the physical, social, political and economic environment suggest an expanded role for corporate advertising. As business attempts to respond, corporate advertising is expected to promote images of environmentally responsible corporate citizens.

Adequate scientific investigations are carried out all over the world regarding the impact of communications media on society. Some investigations have also dealt with the role of corporate communication in modern society. Few researchers in Karnataka State have assessed the role of communications media in the processes of educational progress, social transformation, economic development, public administration, political reformation, environment protection, human rights protection, civil liberty, rural development, national development, organizational development and so on.

Very few researchers have evaluated the role of corporate communication and advertising in the process of organizational development all over the world. Prominent among them include: Lambin (1973:18), Wilkie and Faris (1975:27), Gupta (1976:14), Crosier (1978:09), Niefeld (1980:22), Prince (1982:23), Jacobs et.al. (1989:15), MacInnis et.al. (1989:19), White and Mazur (1995:25) Duncan and Ramaprasad (1995:11), Graham (1995:12), Gray and Balmer (1998:13), Darmon et.al. (1999:10), Bhatia (2000:04), Carrol (2000:06), Backhaus et.al (2001:02) Cook (2001:08), Whittington and Mayer (2002:26), Marcus (2003:20), Aswathappa (2003:01), Belch and Belch (2003:03), Chen (2004:07), Bradley and Sousa (2005:05), Khan (2006:17), Nelson and Paek (2007:21), Jhully (2009:16) and Shah and D'Souza (2009:24).

The major deficiency observed in their works was the lack of emphasis either on corporate advertising system in Indian modern organizations or on the intervention of corporate advertising for integrated development of modern organizations and customer relationship management in a developing state like Karnataka. Further, past studies did not indicate the factors contributing to the corporate advertising management efficiency as well as the means or methods of improving the role of corporate advertising in modern society with special reference to Karnataka State. Scientific investigations dealing exclusively with the status, problems and prospects of corporate advertising in Karnataka State are inadequate as seen through the paucity of literature.

3. Objectives of the Study

The specific objectives of the study are as follows:

- a) To study the status of corporate advertising in Karnataka State
- b) To analyze the problems of corporate advertising in Karnataka State
- c) To make a comparative assessment of corporate advertising management in public and private undertakings in Karnataka State,
- d) To examine the problems of corporate advertising in Karnataka State; and
- e) To suggest appropriate strategies of corporate advertising management in Karnataka State.

4. Hypotheses of the Study

- H1. The corporate advertising personnel are not actively associated with various communications media.
- H2. The corporate advertising personnel have not perceived that corporate advertising is an important component of corporate communication
- H3. The corporate advertising practices are not equipped in terms of advanced tools of corporate advertising.
- H4. The corporate advertising practices are not based on the multi-media channels of corporate advertising.
- H5. The corporate advertising services are not able to elicit favorable responses from the customers of goods and services.
- H6. The corporate advertising services are not devoid of certain social costs.

5. Research Design

The major objective of the present study was to understand the status, problems and prospects of corporate advertising in Karnataka State. With this objective, the present study was planned and conducted in three stages. In the first stage, a pilot study was conducted in order to examine the feasibility and appropriateness of the tools and procedures of the study. In the second stage, interview schedules were developed and perfected in order to collect authentic primary data from the representatives of top, middle and lower management of public and private undertakings of Karnataka State. In the third stage, appropriate scientific statistical analysis procedures were followed to ensure systematic data analysis and interpretation. Overall, the present study approached the problem through a systematic survey method which is tested and tried in the field of mass communication, corporate communication, corporate advertising and other disciplines all over the world.

Distribution of the Sample

Sl. No	Organisations	Top Management	Middle Management	Lower Management	Total
1.	– Bharath Heavy Electricals Ltd (BHEL)	10	80	60	150
2.	Karnataka Power Corporation Ltd (KPCL)	10	80	60	150
3.	Grandi Mallikarjuna Rao Group (GMR)	10	80	60	150
4.	Royal Philips Electronics (Philips)	10	80	60	150
	Total	40	320	240	600

5. Findings on Impact of Corporate Advertising

- A vast majority of the respondents representing public sector (83.22%) and private sector (85.76%) have perceived that corporate communication was an important component of organizational communication which persuades the customers to buy the goods and services manufactured in the public and private sector organizations ($X^2=0.739$; $P=.390$).
- A vast majority of the respondents representing public sector (90.94%) and private sector (91.06%) have perceived that corporate communication was an important component of organizational communication which persuades the customers to buy the goods and services manufactured in the public and private sector organizations ($X^2=0.003$; $P=.959$).
- A vast majority of the respondents representing public sector (87.58%) and private sector (89.07%) have perceived that corporate advertising was a prominent means of income generation which created favorable attitudes among the customers about the goods and services ($X^2=0.323$; $P=.570$).
- A vast majority of the respondents representing public sector (93.29%) and private sector (95.70%) have perceived that corporate advertising facilitated meaningful brand management as a prominent motivating factor associated with corporate identity development ($X^2=1.672$; $P=.196$).
- A vast majority of the respondents representing public sector (90.60%) and private sector (92.38%) have perceived that corporate advertising enabled the customers to cultivate positive attitude about the products and services as an important source of motivation for better consumption of goods and services ($X^2=0.611$; $P=.434$).

- A vast majority of the respondents representing public sector (88.93%) and private sector (90.40%) have perceived that corporate advertising enabled the customers to understand the corporate identity ($X^2=0.350$; $P=.554$).
- A vast majority of the respondents representing public sector (85.91%) and private sector (86.42%) have perceived that corporate advertising ensured customer's loyalty to the products and services ($X^2=0.034$; $P=.854$).
- A vast majority of the respondents representing public sector (82.89%) and private sector (82.12%) have perceived that corporate advertising engineered the consent of customers for the goods and services ($X^2=0.061$; $P=.805$).
- A vast majority of the respondents representing public sector (81.21%) and private sector (82.78%) have perceived that corporate advertising facilitated meaningful management of corporate reputation ($X^2=.252$; $P=.616$).
- A vast majority of the respondents representing public sector (93.62%) and private sector (93.05%) have perceived that corporate advertising opened new frontiers for advertisers as a prominent means of customer education and persuasion ($X^2=0.080$; $P=.777$).
- A vast majority of the respondents representing public sector (92.28%) and private sector (93.05%) have perceived that corporate advertising had replaced religion as a key institution and promoted hyper commercialism in modern society ($X^2=0.129$; $P=.719$).
- A vast majority of the respondents representing public sector (90.94%) and private sector (90.07%) have perceived that corporate advertising produced unusual messages which tempted the customers in modern society ($X^2=0.133$; $P=.715$).
- All the respondents representing public sector (100%) and private sector (100%) have perceived that corporate advertising had an agenda setting function which made consumption a new way of life in modern society.
- A vast majority of the respondents representing public sector (89.93%) and private sector (90.73%) have perceived that corporate advertising was a necessity which involved certain social costs in modern society ($X^2=0.109$; $P=.742$).
- All the respondents representing public sector (100%) and private sector (100%) have perceived that corporate advertising invaded public space which had become a major nuisance in modern society

- A vast majority of the respondents representing public sector (91.614%) and private sector (92.38%) have perceived that corporate advertising exerted psychological pressure on the intended customers which was harmful ($X^2=0.122;P=.727$).
- A vast majority of the respondents representing public sector (91.61%) and private sector (91.72%) have perceived that corporate advertising invaded privacy which is a violation constitutional right in modern society ($X^2=0.002;P=.961$).
- A vast majority of the respondents representing public sector (91.61%) and private sector (92.05%) have perceived that corporate advertising was the most prevalent source of mental pollution in modern society ($X^2=0.039;P=.843$).
- A vast majority of the respondents representing public sector (92.95%) and private sector (92.38%) have perceived that corporate advertising had become part of the bone marrow of corporate capitalism in modern society ($X^2=0.071;P=.789$).
- A vast majority of the respondents representing public sector (90.60%) and private sector (93.05%) have perceived that corporate advertising promoted unhealthy consumption patterns which harmed public interest in modern society ($X^2=1.193;P=.275$).

The findings reveal that the respondents are fully aware of the nature, scope and significance of corporate advertising in modern corporate houses. They have rightly perceived that corporate advertising has become an important component of the process of corporate communication in public and private sector undertakings of Karnataka State. The present investigation also revealed that corporate advertising services were able to elicit favorable responses from the customers regarding the goods and services. The study also revealed the social costs of corporate advertising services of public and private undertakings of Karnataka State. Ultimately, the study underlines the better professional status, social utility and social costs of corporate advertising in Karnataka State.

Acme Intellects

6. Conclusion

The investigation reveals that it is imperative to formulate a corporate advertising policy at this juncture of globalization of corporate advertising mainly due to changing political economy. The policy makers of BHEL, KPCL, GMR and Philips may also consider expanding and developing media units namely, inter-personal communications, print media, electronic media, new media and outdoor media so that these media units can make apparent contribution for effective corporate advertising management in these organizations. The policy makers may also consider recruiting specialists in print media, inter-personal media, new media, outdoor media, selection of media, script writing, monitoring and evaluation in order to enrich the process of corporate advertising in modern organizations.

The top management, advertising professionals and specialists should be actively involved in planning and implementation of corporate advertising services. Social network advertising has also shown a lot of promise since the advertisers are able to take advantage of the demographic information provide by users. Corporate advertising services should be managed on the basis of sound ethical considerations. The management should realize that the efficiency of corporate advertising is improved through scientific research. It is clearly emphasized that corporate advertising management and media intervention for corporate advertising management are enduring areas of research in India and rest of the world. Hence, a combination of quantitative analysis, content analysis, case study and experimental research is strongly advocated for understanding the corporate advertising management in future.

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