Study the Importance of Advertising in the Market take Luxury Goods, FMCG, Car Market as An Example

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Abstract. With the globalization of the economy, the products that people can buy are more and more diverse. No matter what kind of market, advertising, which directly spreads product information, always occupies an important position in the marketing mix. Luxury goods focus on meeting people's psychological needs. Luxury brands need to convey intangible things such as brand culture and value concepts to consumers, and make them pay for the symbolic meaning of the brand. In the automobile market, as a high-consumption product, people choose carefully and often do not buy them multiple times, which makes the car market inactive. At the same time, the fast-selling market is highly substitutable, with high product performance and appearance similarity, and its market competition is increasingly fierce, resulting in consumers becoming less and less sensitive to the promotion of fast-selling products. This paper studies the problem of advertising promoting consumers' purchase desire in three markets in the form of a review. We found that the advertising characteristics of luxury goods, fast-moving consumer goods and automobile markets are based on consumer psychology, and through specific advertising forms or content, as well as high advertising investment, to amplify product characteristics, stimulate consumers' willingness to buy, and increase corporate sales. Finally, the research significance of this paper is to summarize the successful experience of advertising and marketing in the luxury goods, automobiles, and fast-moving consumer goods industries, and provide reference for other industries.

Keywords: Advertising, Luxury goods, FMCG, Auto industry

1. Introduction

Advertising is a means of drawing consumers’ attention to a product and inducing them to use it. The application of advertisement has many different functions [1]. Increasing sales is the most intuitive role of advertising applications, which can inform user groups that enterprises develop new products or carry out new activities, and excavate the role of consumer desire. Under this condition, when the desire for consumption is enough, the corresponding product will be purchased. At this time, the sales of the product will increase, representing the profit improvement of the enterprise [2]. Advertising is the main tool to increase product awareness and provide psychological conditions for potential consumers to make final purchase decisions [3]. Commercial advertising is an important means for marketers to promote their products and enhance their market influence. Various commodity operators try to enhance the popularity of their products through commercial advertising, so as to increase the sales volume of their products and thus improve the economic benefits of their enterprises or companies.

1.1 Luxury Goods

Luxury goods are different from volkswagen brands, which focus on meeting functional needs, while luxury goods focus on meeting psychological needs, and their functionality gives way to “impractical” aspects such as brand stories, product design and materials [4]. Luxury brands use various advertising means to market brand culture, convey values to consumers and gain recognition,
thereby increasing sales [5]. Studies have shown that global luxury sales are expected to rise from $2850 in 2020 to $3880 in 2025, thanks to excellent advertising [6]. Consumers are often willing to ignore the use value under the influence of advertising and pay for the symbolism of the brand.

1.2 FMCG

Fast-moving consumer goods are referred to as FMCG, which refer to consumer goods with short service life and fast consumption. Such as shampoo, snacks, cigarettes, etc. However, due to strong substitutability, high similarity in product performance and appearance, and increasingly fierce market competition, consumers are becoming less and less sensitive to the promotion of fast-moving products [7]. And advertising can enhance the differentiation of products through content and form in a short period of time and effectively improve competitiveness [8]. Therefore, it is very necessary to study the impact of advertising on the fast-selling industry.

1.3 CAR

The car sector is characterised by high added value. However, for most people, buying a car is the most important and expensive decision after buying a house and therefore they do not buy cars repeatedly, resulting in an inactive market [9]. At the same time, as the car market becomes more sophisticated, competition between car brands increases [10]. Advertising can create a personalised brand image for the car industry and drive consumers’ purchase intentions [8]. It is therefore important to examine how advertising can contribute to increased activity in the automotive industry.

2. Main Body

2.1 Luxury Goods

Luxury goods have the characteristics of scarcity, history, culture, regionality, conspicuousness, and the times. Advertising is required to clearly communicate these characteristics to consumers and make them want to buy. The advertising launched by luxury brands with stories, aesthetics, emotions, and art can effectively increase their persuasiveness.

Some scholars have explored how luxury advertising can convey the hidden meaning of brands through storytelling and imagery intervention in cross-cultural contexts. The study used the subjectivity test and surveyed female consumers through questionnaires to determine whether participants could identify seven themes of advertising (e.g., romance, fantasy, self-esteem, etc.) that came from stories of their interactions with luxury brand advertising. The results show that if global luxury brand advertising uses strong implicit imagery, consumers are able to project themselves into the storyline and stimulate the desire to buy. Therefore, it can be inferred that advertising with invisible imagery can promote consumer purchasing behavior [11].

Studies have shown that grotesque imagery has a positive impact on the persuasive power of luxury brand advertising. The article takes a series of regression analysis and case studies. The result is that grotesque imagery in luxury advertising enhances the consumer’s brand experience. Increase their willingness to buy by shifting them into the narrative depicted in the ad, a process driven by a perceived fit between grotesque imagery and luxury brands. So, when grotesque ads are used to promote luxury brands, they can effectively influence consumers [12].

Some scholars have studied the potential of mixed emotional appeals to enhance the persuasiveness of luxury advertising, that is, mixed emotional appeals, that is, to tell stories that contain multiple emotions such as happiness and sadness. The article uses the method of bidirectional analysis of variance. The results of the analysis show that luxury brands add mixed emotional appeals to advertising, substituting consumers into the narrative, so that they experience a sense of escape from daily life, through which stimulating fantasies can attract consumers to consume [13].

Some scholars have raised the question of whether the use of recognizable artwork in luxury advertising will stimulate consumers' willingness to buy. Three studies were conducted using the questionnaire approach. The findings suggest that the use of low-recognition artworks may be an
effective strategy when recipients see luxury spending as a way to differentiate themselves from other consumers. Conversely, when the target recipient sees luxury spending as a way to show status to others, the use of highly recognizable artwork may benefit the spread of advertising [14].

2.2 FMCG

Advertising plays an important role in the marketing of FMCG products due to similar functionality, high similarity in product performance, appearance and a high degree of substitutability, and very fierce competition. The overall characteristics of FMCG advertising are high expenditure, strong brand emphasis, innovative formats and a wide range of applications for advertising content.

In his paper, Ashish Bhosale analyses the relationship between the various factors in advertising expenditure and uses a company as a case study in which he shows that changes in advertising expenditure are related to changes in market share, changes in product plans and changes in the number of competitors, which are influenced by the number of customers, their concentration and the size of the advertising budget. In other words: Advertising makes sales go up. And often their sales are linked to high advertising expenditure, high prices and a good shop image [15].

Kushal de explores how the content of advertising can be used to enhance product differentiation. And through a market research approach to a sectoral evaluation of 50 leading FMCG products in nine industries, their branding strategies and the core messages displayed through these advertisements conclude that brand names, logos and taglines are an integral part of FMCG advertising, that the more competitive the advertising content, the stronger the branding emphasis, and that the strength of branding and consumer desire are positively correlated. The relationship between brand strength and consumer desire is positive [7].

Marzia Freo investigated the question of whether advertising expenditure significantly increases sales in the fast-moving industry, using an autoregressive distributed lag model to assess the impact of marketing and competitive variables on each brand's sales. The answer is that advertising expenditure can increase sales when it has a significant impact on the opposite, so it cannot be used as a primary means of increasing sales [16].

Peter Gabrielsson analyses the successful advertising campaigns planned by Finnish FMCG companies for international markets. Using a multi-case study approach based on a review of the literature, four Finnish FMCG companies are examined in the process of planning international advertising, where campaigns should be inclusive and applicable to national cultural contexts. Secondly, the more TV and print advertising included [17].

2.3 CAR

The high cost of automotive products and the fact that they are often durable and difficult to replace make consumers more cautious in their choice of car brands. Automotive advertising plays a very important role in promoting automotive products and building their image. The characteristics of car advertising consist in amplifying the characteristics of a product brand through specific forms or contents, thus guiding consumers’ choices.

Tanmay Chattopadhyay is conducting a study on the impact of advertising and marketing on brand equity. Through model-based reasoning, consumer psychological simulation, critical hypothesis testing and analogies, the study examines what changes in consumers’ perception of brand equity occur under various combinations of marketing approaches such as television advertising, print advertising, wireless mobile phone advertising and internet advertising. It was concluded that consumers are more likely to purchase brands with high brand equity, and that the combination of several advertising methods will collectively increase consumers’ perception of brand equity, leading to a desire to purchase and therefore increased sales [18].

In this paper, Joachim Büschken identifies the inefficiency of brand advertising in the German car industry, which was empirically tested by measuring the advertising efficiency levels of 35 German car brands and using several DEA models. Smith and Park measured the impact of advertising effectiveness in terms of the ratio of advertising costs to sales. It was found that the impact of
advertising effectiveness was increased by increasing the number of brand resellers through the extension of branded products, which increased consumers’ brand preference and ultimately advertising effectiveness. Conversely, the opposite was found to be true [8].

According to Henwood and Pidgeon, brand is an influential factor in advertising effectiveness, and Siddharth Khera used a non-probability sampling design with a sample of 100 male and female shoppers in the UK to track and analyze various factors in the consumer decision process. Advertising can be effective in building brand image and motivating consumers to buy [10].

Mahsa Samsami examines how advertising contributes to the purchasing power of the Iranian imported car market. A sample of DatisCompany’s clients was surveyed using regression methods to understand the impact of advertising, online marketing, etc. on integrated marketing communication tools. The study suggests that car manufacturers should focus more on the choice of content in their advertising messages, such as emotional advertising and the use of music [9].

3. Conclusion

To sum up, this paper mainly studies the advertising characteristics of three different consumer markets and its impact on consumer choice, which are fast moving goods, luxury goods and automobiles. Advertising has a great influence on consumer choice in these three consumer markets, so we choose these three markets for analysis.

In the FMCG market, the degree of homogeneity and substitutability is high, and the competition is very fierce. Advertising plays an important role in FMCG marketing. According to the research, FMCG advertisements influence consumers’ choice by improving the recognition and naming of advertisements and making consumers establish brand trust through differences.

Luxury goods are different from mass brands, which focus on meeting functional needs while luxury goods focus on meeting psychological needs. Through the studies in different literatures, we concluded that consumers can have empathy in the advertisements of luxury goods, or artistic rendering of luxury brands can increase the perishability of advertisements and influence consumers’ choice.

In addition, automobile advertising plays a very important role in the promotion of automobile products and the establishment of image. According to literature research, automobile brands increase brand equity through advertising, establish brand image, and guide consumers’ brand choice preference.

To sum up, through the analysis and research on the impact of advertising in different consumer goods industries, it is found that advertising has a huge impact on consumer choice and market economy. Therefore, enterprises need to focus on the benefits brought by different types of advertising so as to give full play to the positive impact of advertising and realize the real value of enterprises.

This paper is helpful to the advertising of consumer brands and can be used as a reference for different consumer industries in the consumer market.

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