

**THE RELATIONSHIP BETWEEN TV ADVERTISING COST AND  
BRAND AWARENESS FOR FOOD PRODUCT CATEGORY IN  
INDONESIA (FEBRUARY 2010)**

Augustine Merriska and Mustika Sufiati Purwanegara  
School of Business and Management  
Institut Teknologi Bandung, Indonesia  
<sup>1</sup> *augustine@sbm-itb.ac.id*, <sup>2</sup> *mustika@sbm-itb.ac.id*

**Abstract**

*The fact that there is an emerging trend in the TV advertising number in the commercials industries and also the increasing number of TV channel in Indonesia will create such highly competitive media in promoting and marketing their brands. In the other words, these both conditions will also affect into the pattern of their media strategy due to achieve the high brand awareness among the customers. However, it may cause some difficulties for the TV advertisers in defining their media strategy since this situation also could be the opportunities for the media company in deciding the policy for their advertising rates. Due to the enormous amount of expense in executing this TV advertising strategy, this research will provide the information of the relationship of the total advertising cost among the product categories with their brand awareness achievement. There are several variables in this study in measuring the behavior of these advertisers; they are food product categories, advertising cost, number of ads and Top Brand Awareness Index. The data was obtained by using Arianna software from A.C. Nielsen and for the Top Brand Awareness Index are from the Marketing Magazine in February 2010. In this research showed a weak correlation between the advertising cost with the brand awareness achievement in Food category product in Indonesia due to there are several brands that have strong brand awareness because they have been gained for years ago.*

**Keywords:** *TV Advertising, Brand Awareness, Food Product Category, TV Advertising Cost*

**Introduction**

Since 2007, Top Brand Survey has been one of the key performance indicators for many companies to value their brand performance. Therefore, there are many brands that put the Top Brand logo in their packaging or in their TV advertising as a symbol of prestige that shows not only about their credibility but also it bold up the fact that their brand has great brand awareness among the market. Based on that fact, it would be interesting to research more to those brand that including in the Top Brand 2010 about the behavior of their advertisers in the TV media strategy and how it would be affected into their brand awareness, since brand awareness is also one of the component to score the Top Brand Index (TBI) besides market share and

customer loyalty. Those three components are the main things that would affect the brand performance as HandiIrawan, the founder of Top Brand, said.

This food category itself it will be divided into few sub-categories, they are, Biscuit (Non Wafer), Wafer, Wafer Stick, Branded Peanuts, Margarine, Cooking Oil, Instant Noodles in Plastic Bag Packaging, Instant Noodles in Cup Packaging, Rice Flour, Ketchup and Chili Sauce. These sub-categories are decided based on the Top Brand Survey by the Marketing Magazines on February 2010. Meanwhile, for the data of advertisement cost, there are some top brands that do not have any TV advertisement at all.

## Literature Review

Advertising rate refers to the cost or the price of a spot or set of spots that based on the rating and daypart when the commercial shown. There is a term known as prime time, which refers to the most expensive time block to show a commercial. On that time, it is assumed that the audiences will pay more attention during the prime time than the regular time. This situation creates a more competitive environment to get the viewers' time and attention, which usually leads the advertisers to have the most costly TV commercials. However, the advertisers realize that there is still no more efficient method of reaching a broadly based consumer market than through television.

Since brands are the most valuable assets for the marketer has, it is important to have strong brand and equity. Landor Associates' Antonio Marzza said, "A brand represents the most powerful link between the offer and consumer" (Kleppner, 2008), this statement become the reason for the importance of brand communication, since the essential aspect of communication is accountability and brand awareness could be one of the appropriate tools to evaluate and learn the brand performance.

Brand awareness refers to how aware customers and potential customers are of the brand and its product. In definition, brand awareness is a marketing concept that enables marketers to quantify levels and trends in consumer knowledge and awareness of the existence of the brand.<sup>1</sup> Most advertising is directed to consumers whose preferences are already formed and who have experience with the advertised product. Keller (1993) suggests that part of the strength of brand equity is a result of brand associations being easily accessible in memory.

Brand preference (or attitudes) can be regarded as a consumer's predisposition toward a brand that varies depending on the salient beliefs that are activated at a given point in time (Fishbein and Ajzen 1975;

Mitchell and Olson 1981). In short, brand preference should not change for mature brands (Macheleit and Wilson, 1998) since most of those established brands that already have few salient beliefs associated with them. In supporting this idea, due to the book of John Phillip Jones (1998) in *How Advertising Works*, in the *Quantitative Pretesting for TV Advertising* chapter, it is stated that in comparison from the small brands, the large brands tend to show small volume growth but are more profitable because of their higher consumer prices and relatively lower advertising budgets.

Another important finding, there are 33 large brands that have the Advertising Research System Persuasion score necessary to maintain constant sales is slightly higher than the figure for other the 97 brands as a group. This "stable sales" level is an implicit demonstration of the fact that the advertising for large brands operates defensively. Hawkin and Hoch (1992) found that consumer beliefs in the truth of brand trivia statement and it means that might affect the brand preference and could be influenced by repetition as well.

## Research Objective

The objective for this research is to help the TV advertisers in Indonesia to analyze the effectiveness of the TV advertising cost in gaining the brand awareness.

## Methodology

Methodologically, this research uses both the qualitative and quantitative marketing research. The qualitative research is generally used for exploratory purposes and ideal for earlier phases of this research, which can define depth understanding about human behavior. However, in the research process there is also quantitative approach to determine a precise measurement by using numerical figures and tables in the data analysis process.

The data collection process was conducted by using the secondary data of PT Global Informasi Bermutu, which also known as Global TV. The data that have been gathered will be used to analyze the relationship and

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<sup>1</sup> Wikipedia, "Brand Awareness", [http://en.wikipedia.org/wiki/Brand\\_awareness](http://en.wikipedia.org/wiki/Brand_awareness). (December 2011)

comparison among variables. Those data are obtained from Arianna software that become another analysis software innovation process by AGB Nielsen Media Research, which able to changes face and capabilities of the AGB workstation. Besides, we also used the Top Brand Index results data from Marketing Magazine on February 2010 edition.

**Hypothesis**

H<sub>0</sub>: *There is no relationship between the TV advertisement costs with brand awareness.*

H<sub>1</sub>: *There is relationship between the TV advertisement costs with brand awareness.*

**Results and Discussion**

In this research, it is found that in the Food category product, there are several strong brands, which means they have high brand awareness and become the top of mind among the customers. Those brands are effortlessly have small advertising rates in comparison to the other brands or even no advertising rates at all<sup>2</sup>, but still successfully lead the market in its category; these brands are included Astor for Wafer Stick sub-category, Bimoli for Cooking Oil sub-category, Indomie and Popmie for Instant Noodles sub-category and SegitigaBiru for the Flour sub-category. These brands do have a strong TBI value and leave a huge gap value from their competitor.

Besides, there are also some brands that get paid from all of their efforts in terms they get the attention and brand awareness and cost much as well for their TV ads; there are GeryChocolatos for Wafer Stick sub-category, Garuda in Branded Peanuts sub-category, Blue Band in the Margarine sub-category, Cap Bango and ABC in the Ketchup sub-category and ABC in the Chili Sauce sub-category product. Meanwhile, many other new brands that still struggling to get the customer attention even they have cost.

However, we also can find several unfortunate and ironic brands that already have such expensive cost for their TV ads but did not gain enough attention in the customer

mind; they are Jacob’s Cracker from Danone (in that time Jacob’s were still owning by Danone) and Tranz Sandwich Crackers for Biscuit sub category, RicheeseNabati for the Wafer sub-category, Fullo for Wafer Stick sub-category, Iyes for Branded Peanuts sub-category, Sania Royale and Rose for Cooking Oil sub-category, and last but not least, Rose for the Rice Flour sub-category.

The statistical analysis that be used to know the strength of relationship between X variable (Ads Cost) and Y variable (Brand Awareness) is the Pearson Product Moment correlation method. By using the SPSS program, the output result will be:

**Model Summary<sup>a</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,250 <sup>a</sup>	,063	,051	20,63040

a. Predictors: (Constant), Ads Cost  
 b. Dependent Variable: TBI

Meanwhile, to analyze the correlation coefficient results could use the guidelines below:

Coefficient Interval	Degree of Influence
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Moderate
0,60 – 0,799	Strong
0.80 – 1,000	Very Strong

Therefore, by analyzing the results from both of the table above, it can be known that the value of correlation coefficient is 0,250 and this value is categorized in the **low correlation** of Ads Cost (X) and Brand Awareness (Y), which is between 0,20 – 0,399.

Afterwards, there is regression analysis in purpose to describe the plot of the pattern and the linear regression equation on the *Cartesius* diagram between X variable (Ads Cost) for Y variable (Brand Awareness). The objective is to forecast the value of dependent variable in the relationship with other variable. By using SPSS program, the output that could be found will be:

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,304	2,604		3,572	,001
	Ads Cost	,000	,000	,250	2,327	,022

a. Dependent Variable: TBI

<sup>2</sup> It also might be caused of the limitedness of the research

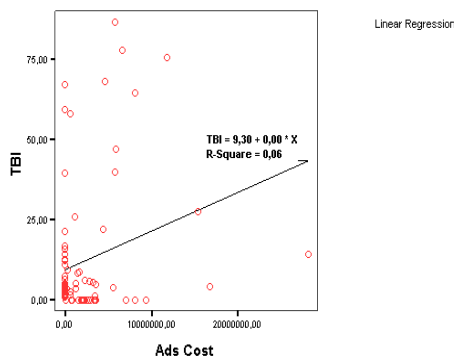
Based on the table above, the a value = 9,304 and b value = 0,000. Therefore the equation of linear regression will be:

$$Y = 9,304 + 0,000 X$$

The equation above can be defined as:

a = 9,304 : it means if the Ads Cost (X) had zero value (0), therefore the Brand Awareness (Y) will have 9,304 value. In other words, the regression line will be in the intersection of Y line in 9,304 point.

b = 0,000 : it means if Ads Cost (X) increased, therefore the Brand Awareness (Y) will be increased for 0,000 value.



So, it can be known that Ads Cost has positive correlation with Brand Awareness as it means if the Ads Cost increased, and then the Brand Awareness will increase as well.

This part also will test the significant value of influence between two variables by using t-test, while the statistic hypothesis can be described as:

$H_0$  :  $b= 0$ , it means Ads Cost has no influence to Brand Awareness significantly

$H_1$  :  $b \neq 0$ , it means Ads Cost has influence to Brand Awareness significantly

The  $t_{count}$  from the SPSS results above is 2,327, while the alpha ( $\alpha$ ) = 5% and the degree of freedom =  $n-2 = 81$ , therefore based on the t-distribution, the  $t_{table}$  output results will be 1,990. By using these outputs, then it will be tested by these criteria:

Reject  $H_0$  if  $t_{count} > t_{table}$  or  $t_{count} < -t_{table}$ , and it means support if it is on the other sides.

Because the value of  $t_{count}$  is bigger than the  $t_{table}$  ( $2,237 > 1,990$ ) therefore  $H_0$  is rejected and  $H_1$  is accepted. This means it is showed there is significant influence from the Ads Cost to the Brand Awareness, in the other words, we can trust for 95% that Ads Cost has influence into Brand Awareness.

In overall, the regression line of the food category shows positive correlation between the ads cost and brand awareness. However, as it can be seen by the results of R square stated that there is 6.6% relationship of ads cost and brand awareness for this food category. This weak relationship might because there are many top brands that already be an old player in Indonesia so they do not have to cost lots of effort in attracting the customer since the brands have been known well by their customers since long time ago.

## Conclusion

There are brands that effortlessly by only having low advertising rates in comparison to the other brands or even no advertising rates at all, but still successfully lead the market in its category because of they can and already maintain their brand reputation since long time ago for years. However, there are also some new brands that get paid from all of their efforts and proven that the advertising cost give significant positive effect to their brand awareness. Therefore it can be concluded even the TV ads cost has low relationship with the brand awareness, but the statistical results still shows that the ads cost give significant influence towards the brand awareness.

## Suggestion

Since most of the cost for the media advertising goes to the TV advertisement, it is important for the advertisers to put the concern in defining the strategy, creative idea, execution and media. In gaining more effective advertising strategy, they can apply the TV advertising customization, which is not strictly customize their one advertisement

into several version based on the difference of market segment, but simply choose *when* and *where* to advertise the advertisement based on what days, time, channels, program and how much it will cost.

Customization also can increase the relevance of TV spots, which means it can reduce the minimum number of times a commercial must air to be effective. While, the context and the exposure based customization can extending an ad's maximum effective frequency. TV ad customization will become even more critical as targeting becomes more prevalent, because the value of a customized message increases as the profile of a viewer segment and the context of the message narrow. The bottom line is that effective targeting would necessary efficient customization since most major advertisers that incur incremental production costs have found these costs remain small relative to overall TV ad media expenditures, with enhanced return on the related media investments more than likely to exceed the incremental costs (Karen, 2005).By this customization, the TV advertising strategy hopefully could be more specific and hopefully can reach the specific target market effectively.

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