The Impact of Advertisement on Mutual Funds Awareness: A Case Study of Arif Habib Investment Limited

Sarmad Jan Mian*, Rabia Shah** & Sana Tariq***

*Lecturer, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: sarmad.ba@suit.edu.pk

**Assistant Professor, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: rabia.ba@suit.edu.pk

***Lecturer, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: sana.ba@suit.edu.pk

Abstract. The critical role of advertising is to generate awareness about organization offerings regardless of the industry in which it is operating. Advertising and its effectiveness on mutual funds products in terms of awareness is studied in this paper. Arif Habib Investment limited was taken as case to investigate the impact of advertising on its funds awareness. Employees were interviewed for this purpose. Due to the investigative nature of the research qualitative research technique is used by the researchers. The studied showed that advertisement has positive impact on the attentiveness of products offered by mutual funds among patrons. The significance of advertising in generating brand awareness in financial sector is revealed during the course of the study.

Key words: Advertisement, awareness, mutual funds

Introduction

In order to build good connection with customers, companies must do more than just producing good products, pricing it appealingly and making it available in market. It is significant for organizations to correspond their brands to target audience and it should be done with precision and effectiveness. The decisive role of communication is constructing profitable relationship with customers (Kotler, Armstrong, Wong, & Saunders, 2008). Imperative role performed by advertising is informing clients about the benefits of organizations products and services. Companies working in consumer goods markets and financial markets have realized the significance of advertising and mostly depend on advertising to communicate with their consumers, moreover consumer try those products which are advertised on regular basis as advertising helps them in reminding about company’s offerings and it keep them fresh in their reminiscence (Shimp, 1997).
Advertising perform essential function in company’s overall marketing program. Its importance has been realized by businesses working on national and international fronts, because it performs the role of providing information, reminding, convincing and establishing subsistence of a product and services. It is useful because it is considered an important element to converse with large number of audience and enlighten target audience about organizations products, different functions performed by the product and show contrast between competing products. It is used for differentiating between competing products/services to consumers and informs them about their unique selling propositions. Furthermore advertising is used to sustain competitive advantage. Advertising plays a helping role in financial markets for consumer in making coherent decisions as long as there is factual information about companies’ products. The increasing impact of advertising on corporate sales, profits, and market share and manufactured goods awareness has been felt by companies working in both financial and frequently marketed consumer goods markets (Pickton & Broderick, 2001).

**Literature Review**

Advertising is a progressively crucial fact in mutual fund industry as mutual fund business use advertising to draw attention of customer’s to their past performance, uses it for building their product awareness, and help consumers in reducing their search cost, in return achieving increased sales and profitability (Cronqvist, 2006). The main efficient media to generate mutual funds awareness is advertisement (Nagaiah, Naidu, & Nagaraju, 2014).

Advertising plays a major function in generating brand responsiveness of a firm’s offerings as it has number of key roles. It is commonly recognized that without having brand awareness, feeling for brand and brand likeness cannot be formed. To encourage customers to consume specific company products, awareness is an important element to indulge them in to purchase decision. Consumers might downsize between the heard brands and think that immense efforts are made in its advertising. Sustainable competitive advantage can be achieved while investing in brand awareness programs and can have positive consequences on long run value of the business (Mcdonald & Sharp1996). It is the ability of purchaser to identify product under diverse conditions (Korgaonkar, Bellenger, & Smith, 1986).

Advertising is considered a central path for increasing brand acquaintance and understanding; it assists in ascertaining brands in minds of consumer’s through sufficient occurrence of the brand by noticing and thinking about it, these results were founded using non-probability sampling technique that is expediency and judgment sampling (Radder, & Haung, 2008; Keller, 2003). Awareness can add value to the brand by inserting brand in a customer psyche and this awareness can act as barrier to ingress for recently launched un-recognized products (Stoker, 1985). Responsiveness to the brand can be measured through how well the information is disseminated to consumer about the availability of the brand and its subsistence (Clark, Doraszelski, & Draganska, 2009). Using conventional mediums in advertising that is television and print media serve the function of generating brand awareness and aspiration among consumers for company’s goods (Keller, 2003). Significant positive impact was found
on consumer’s awareness when social media advertising is used (Hutter, Hautz, Dennhardt & Fuller, 2013).

The use of innovation, uniqueness and segregation in advertising strategies have affirmative impact on creating customer brand awareness and it also creates positive acuity of their brands: impact of advertising on brand awareness is positive (Buil, Chernatony & Martinez, 2011). Advertising is important contrivance in building brand knowledge (Sawant, 2012). Using advertising for creating awareness can have significant positive consequence on consumer behaviour (Aaker & Day, 1974).

Main purpose of advertising is to shift consumers from lack of knowledge to information about the subsidised brand by providing information about the supported brand (Lavidge & Stiener, 1961; Grewal, Kavanoor, Fern, Costley, & Barnes, 1997). It was established that through advertising better message and brand awareness is achieved. Different cognitive and emotional results such as awareness can be attained through advertising (Lohtia, Donthu, & Hershberger, 2003).

Researchers like Mitra and Lynch (1995) found that awareness is created through advertising and with the help of this awareness consumers can take in dissimilar brands in their deliberation set. Once awareness is formed about the specific brands customers easily retrieve brand names while making selection between diverse substitutes (McMahan, 1980). Advertising is used as a main source for creation of awareness and providing information to consumers about the difference between rival products (Soberman, 2004).

Advertising message is considerably associated with creation of awareness: using right media and proper timing engenders awareness and increases the chances of product to be successful (Korgaonkar, et al., 1986). The above literature provides sufficient evidence that advertising creates awareness and has revealed affirmative relationship. Mutual funds may use advertisement to their competitive advantage by creating awareness of their present products as well as recent products among consumers.

Advertisement of individual fund in a family by mutual funds must assist in progressing brand awareness of that specific family, advertised fund will carry this effect and brim over other funds in the family; therefore it will facilitate and draw the attention of investors towards those brands who are not advertised and provoke them to invest in it, likewise advertisement of a single fund in a family may augment brand awareness in general and positive relation is found between advertising and performance of funds (Wei, Chen, & Peng, 2010). When implemented through right media advertising can be very effective and this success can be measured in the form of amplified brand awareness; the result may be in the form of purchase of product and services (Bendixen, 1993; Korgaonkar, et al., 1986).

Methodology

The main reason of the research study is to explore the impact of advertisement on mutual fund awareness and to observe whether advertisement has positive/negative effect on mutual fund understanding. Employees of Arif Habib Investment limited were interviewed using purposive sampling. In purposive sampling the selection of
participants are based on serving an explicit purpose (Tashakkori, & Teddlie, 2003). Participant belonging to marketing department were selected for in depth interviews and five in-depth interviews were conducted. Participants with two or more than two years of experience were interviewed. As the nature of the study was exploratory so it encouraged researchers to use qualitative research method and for the collection of desired data in-depth interviews were used as tool.

Also know as one on one interview, it is a formalized process in which an expert interviewer asks respondents predestined and inquiring questions normally in face-to-face meeting (Shiu, Hair, Bush, & Ortinau, 2009).

In-depth interviews are helpful so as to it allows researchers to cover all time frames that is precedent, current and potential and helps them in collecting behavioural and attitudinal data from the subjects under investigation (Malhotra, & Birks, 2006). Telephone can be used for conducting in-depth interviews in unique cases (Chisnall, 2005). Observing behaviour of respondents and their beliefs about certain topic can better be achieved through in-depth interviews as it allows getting an initial insight to the topic (Shiu, Hair, Bush, & Ortinau, 2009).

In-depth interviews are useful for enlightening feelings, judgments or values which helps the researcher in understanding the various components of subject thoughts and why they exist (Cooper & Schindler, 2008; Stokes, & Bergin, R. 2006; Shiu, et al., 2009). It persuades respondents to give information about his/her feelings and behaviour towards an identified theme or purpose (Shiu, et al., 2009). One of the advantages of in-depth interview is that respondents are at ease and there is no communal pressure on them which helps in maintaining the free flow of information and for this reason sensitive issue can be discussed with the participants (Malhotra, & Birks, 2006).

Researchers have better control over respondents’ selection in in-depth interviews which helps researchers in gathering more deep, context and flexible information in the process of exploration (Cassell & Symon, 2004). Respondents feel empowered as they know that their opinion is heard and is essential (Berent, 1966). In-depth interviews provide possibility for researchers to determine the views of individuals which lead to more precise understanding. Further more comfort zone and trust is established between respondent and researcher which lead to gathering of high quality data; due to comfort ability respondents can easily express themselves (Webb, 1995).

Findings

It was found during the course of in-depth interviews that as compared to other types of promotional tools advertising is more effective while reaching people as the coverage area of advertising is far greater as compared to other communication tools giving organizations an edge over its competitors. Moreover due to awareness which is created through advertising a positive brand image and brand attitude is formed in consumers’ mind which helps them in selecting appropriate product. Media selection is of great significance as appropriate medium choice and placement of advertisements has colossal outcome on buyer awareness.

Response towards advertised fund increases while using billboard and news paper advertisements and it has significant positive impact on consumer awareness by
dissemination of information; moreover advertisement can have positive impact on awareness of those funds which are not advertised as investor also inquires about funds which were not advertised. In addition it was established that mutual funds can use advertisements to their reasonable benefit by informing consumers about distinctiveness and communicate investors about their differential advantage in the shape of annual returns plus features of funds as compared to their competing mutual funds. Furthermore mutual funds can make attentive their customer by communicating their previous performance to their current and potential target audience through advertisement. It is evident from the above findings that advertising does create awareness.

**Discussion**

The most important source of generating awareness among consumer about company’s offerings/brands is advertisement and it may help in increasing performance of the organization brands as it is observed that consumer always form optimistic approach towards those brands which are advertised regularly. This has been found consistent in the extant literature on the prelateship of consumer behavior and advertisement. For example Macdonald and Sharp (1996) argue that “advertising helps in creating brand image in consumers’ mind and it generates enough awareness to make them purchase a product. It is natural in human beings that they form and buy those things with which they are familiar and avoid products/brands/services with which they are unfamiliar” (p. 15).

Performance of a good brand is dependent on awareness, organizations have to show consumers about the benefits which they are going to get while using a certain product and making them believe that it will solve their problems and advertising is the tool which can serve this purpose. In addition advertisement is very efficient means for producing brand understanding, medium choice/communication channel is of critical importance and positioning of advertisement is the means for creating awareness about company’s product. Moreover when proper medium, place and time slots are used advertisement can act as an important tool in increasing awareness and response rate towards company’s products.

**Limitations of the Study**

Limitations of the qualitative research are generalization of its findings. Another limitation is that findings of qualitative research are not consistent. Advertising is taken as the only independent variable to study its effect on fund awareness of mutual funds. As this study is limited to only one company and only employees of one company were interviewed it’s results therefore cannot be a true representation of mutual fund industry; whether advertising really have an impact on the awareness of mutual funds offerings.

**Conclusion**
The effectiveness of advertising on mutual fund product awareness was observed by researchers in this paper. Arif Habib Investment Limited operating in mutual fund industry was taken as case study. To know the positive/negative impact of advertisement on awareness of the communicated fund In-depth interviews were conducted with the workforce of the organization to probe the research topic at hand.

The research study concluded that using accurate medium for propagation of information has significant positive impact on funds awareness. Formation of customer’s positive attitude towards mutual funds products is not possible without regular advertising in appropriate medium as it has two fold effects; firstly it keeps products fresh in their minds by focusing on its previous performance, secondly it helps in spreading knowledge about newly launched offering. Different funds in a mutual fund are benefited from advertisement of only one fund as once a single fund is advertised it will definitely bring customer attentions towards other funds offered by the specific company. Customer might opt for investing in those funds which are not advertised as they might be of interest to them. It can be said that advertising can increase the overall performance of mutual fund by increasing awareness of all the funds in the family and significant positive relation has been found between advertising and performance of funds.

References


