

Your name

# Research Proposal

Impact of Deceptive Advertising on Consumer Loyalty in Food Industry

## Packaged Food

*Campbells*

Ads



Reality



Hearty Noodles

*Milka*

Ads



Reality



Cookies

*la Cremeria*

Ads



Reality



Ice Cream

*Smart Ones*

Ads



Reality



Meal

Course Name

[Date]

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## Introduction

A lot of work has been done to analyze various form of advertising which also includes identifying and measuring degree of deception in advertisements. However, a very limited focus is given on how it impacts the Consumer Loyalty.

Deceptive advertising, in simple words, is “the use of fake or deceptive statements for publicity.” Use of deception as a means for publicity is a practice as old as time and is still common today. Generally it is perceived that deception in advertising i.e. false claims made by the marketer in advertising tricks the consumer into buying the product. However, eventually the consumer realizes the real quality/value of the product/service and learn about the fallacy of the claims made by the marketer in advertisements.

In such a case scenario, it is natural for a consumer to feel betrayed and hence it is very unlikely that he/she will remain loyal to the brand. Marketing activities have undergone a drastic change over the years. For attracting consumers and to win the market share with the concept of optimized advertising expenditures, exaggeration is the new strategy of various players to date. Here the objective of the study is to examine the effects of deceptive advertising on consumer loyalty.

## Problem Statement

The general purpose of our research is to search that **“Deceptive advertising reduces brand loyalty of consumers.”** It will investigate the relation between brand loyalty and deceptive advertisements. The aim of this research is to evaluate the extent to which such advertisements affect the consumer’s loyalty towards a brand.

## Research Objective

This research aims to figure out how consumers react to deception in advertisements of brands that they use. At times information about various products and services which people are using are not fully available. There are hidden charges, terms and conditions which customers are unaware of, and hence they jump blindly for the purchase thanks to attractive marketing strategies. As a result people buy the services but feel cheated. This topic is chosen because it is relatable to a lot of general audience and information gathering process will become more realistic.

There really isn't anyone who hasn't faced such an experience, for instance, where they were tricked into activating an attractive new package provided by their mobile service provider which from the surface looked as reasonable and convenient but when they actually activate it they get to know about the hidden charges or the real rates. So do they keep on using the brand or they switch to some other brand and bad mouth their former brand as well? This is what we want to know that does consumer’s loyalty towards the brand shifts or not due to deceptive/misleading advertising.

## Rationale for Choosing the Topic

Brand loyalty is the ultimate goal a company sets for a branded product, therefore, in order to create brand loyalty, advertisers must avoid use of deceptive claims in their advertisements as that’s the only mean from which a consumer get to know about a specific product. And if the consumer is loyal to that brand, then he will trust whatever the marketer puts up in advertisements and if he doesn't get what was promised then his loyalty would most probably shift towards some other brand or if not shifted then he will definitely feel cheated which is bad enough for organizations as their basic goal is to retain their loyal customers.

There are three main reasons why brand loyalty is important:

### Higher sales volume

The average United States Company loses half of its customers every five years, equating to a 13% annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in

competitive environments. Achieving even 1% annual growth requires increasing sales to customers, both existing and new, by 14%. Reducing customer loss can dramatically improve business growth and brand loyalty, which leads to consistent and even greater sales since the same brand is purchased repeatedly.

### **Premium pricing ability**

As brand loyalty increases, consumers become less sensitive to price changes. Generally, they are willing to pay more for their preferred brand because they perceive some unique value in the brand that other alternatives do not provide. Additionally, brand loyalists buy less frequently on cents-off deals - these promotions only subsidize planned purchases.

### **Retain rather than seek**

Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. The result is lower costs for advertising, marketing and distribution. Specifically, it costs four to six times as much to attract a new customer as it does to retain an old one.

## Research Design

### Type of study

Quantitative Research will be conducted for this project, and the research will be Descriptive in nature. The nature of the study is Descriptive because we will be using factual data that will be collected in order to approve or reject our hypothesis and based on that, we will make conclusions about research objectives.

### Data collection methods

The data collection methods which will be used are:

Focus Group

Survey Questionnaire

### **Focus group:**

In order to identify the impact of deceptive advertisement on consumer loyalty, we will conduct exploratory studies. Focus group is one of the two methods that we will use in this study. One focus group will be conducted as we want to find out the normal response of consumers when they are victimized to a deceptive claim by their favorite brand.

### **Survey method:**

Based on the analysis of our exploratory research, we will develop some hypothesis. And to test those hypotheses, we will use Questionnaire as Survey tool, while we will use Self-administered questionnaire method.

## Sample Design and pProcedure

### Sample Size

The sample research will consist of various age groups from 18 onward to 50. It will consist of both males and females. Research will be conducted at the Holmes Institute and as well as local super markets and neighborhoods.

## Sampling technique

### ***For Focus Group***

For focus group sampling we will use Convenience Sampling with an element of Judgment sampling attached to it.

For focus group, criteria is based on age i.e. age group 20+

### ***For Survey Questionnaire***

We will choose non-probability sample. In non-probability sample we will choose convenience sampling. The reason for choosing convenience sample is because of time constraint and another reason is that it is economical. The advantage of convenience sampling is that no list of population is required and hence sampling includes people who are conveniently available. And as our research is mainly targeting a diverse group of individual, which we can easily gather up in our university.

## Data Analysis

The data will be analyzed through different software which will help in analyzing the statistical data

Ms EXCEL

Statistical Package for the Social Sciences (SPSS)

## Nature and Form of Research

The result will be presented in Presentations and detailed report will be submitted to our course instructor when the research is complete.

## Expected Research Outcomes

After conducting this research we intend to find how consumer's level of loyalty is fluctuated. More so, we want to figure out in what ways they express their bad experience. This will help us carry the word forward to market and promote ethical and responsible marketing strategies.