

## **CHAPTER 2**

### **THEORITICAL FOUNDATION**

In this chapter, the author aims to elaborate the theoretical foundation of this thesis. The author will describe theories that relates to the effectiveness of billboards and its effect to purchase intention.

#### **2.1 Functional area of marketing; advertising**

Advertising is non personal, paid announcement by an identified sponsor. It is used to reach large audience, create brand awareness, and help differentiate a brand from its competitors, and build and image of the brand. Advertising can quickly increase brand awareness and brand knowledge. As this case points out, the advertising was successful in achieving its objectives because it was creatively done. Unfortunately, much advertising is designed to create brand awareness and an image for a brand, its impact is difficult to measure. The American retailer John Wanamaker once said to one of his assistants, "I know half my advertising is waste." When the assistant suggested that half of the advertising be canceled so the department store company could save money, Wanamaker responded, "The problem is, I do not know which half is."

Advertising has historically been the dominant communication choice for many companies; however, that is changing. At Atdwach: outlook 2002, a meeting of 400 advertising industry executive, much of the conference buzz centered on the use of marketing communication functions rather than traditional advertising. Recently the three largest advertising agencies reported that the *majority* of their revenues now come from providing marketing communication functions other than advertising.

### **2.1.1 Functional area or marketing; Promotion**

Generally, promotion is communicating with the public in an attempt to influence them toward buying your products and/or services. How does promotion differ from advertising? Promotion is the broader, all inclusive term. Advertising is just one specific action you could take to promote your product or service. Promotion, as a general term, includes all the ways available to make a product and/or service known to and purchased by customers and clients.

The word promotion is also used specifically to refer to a particular activity that is intended to promote the business, product or service. A store might advertise that it's having a big promotion on certain items, for instance, or a business person may refer to an ad as a promotion.

## **2.2 Content of the billboard**

### **2.2.1 Image and text**



The power of visual elements in magazine advertisements frequently has been demonstrated (Edell and Staelin, 1983; Moriarty, 1987; Taylor and Thompson, 1982). Images are simple to process and easy to remember, which could result in faster recognition (Edell and Staelin, 1983; Moriarty, 1987). On average, magazine advertisements receive 1 or 2 seconds of attention. Visual elements are the primary appeal—90 percent of magazine readers first look at the graphic element; of that group, 65 percent process the graphic intent. Text follows imagery; for the readers who wove from image to words, only 2 percent of the written content is processed (Franzen, 1994).

The magazine findings suggest a comparable visual dominance in outdoor advertising posters. More specifically, the size of the graphic images appears to contribute to a correct association with brand (Rossiter, 1981) and to correlate positively with product recognition (Franzen, 1994). Earlier research (Hendon, 1972) demonstrated a positive relationship between the percentage of the poster given over to visual elements and recall/recognition for outdoor advertising posters as well. It is reasonable to expect, therefore, that increasing the size of the visual elements will raise the effectiveness of outdoor advertising posters. In their study of outdoor advertising, however, Bhargava, Donthu, and Caron (1994) were unable to demonstrate a relationship between the extent of image use and recall. As a possible explanation, they offer the fact that the percentage of visual elements was more or less the same in all of the posters

### 2.2.2 Visual elements



In various studies of both print and outdoor advertising, a positive relationship has been demonstrated between the use of photographs and recall/recognition (Donthu, Cherian, and Bhargava, 1993; Holbrook and Lehmann, 1980). People have a marked capacity for remembering concrete information such as photographs. Moreover, the appeal of realistic (and pleasant) imagery is often high, and realistic images are often considered to be plausible and convincing (Messaris, 1997). The use of realistic images, therefore, could be expected to increase the effectiveness of outdoor advertising. Additionally, it would seem that photographs are more arresting than illustrations. Bhargava, Donthu, and Caron (1994), however, did report a negative recall effect with the use of photographs in outdoor advertising posters (in part because of the mediating effect of humor).

### 2.2.3 Amount and size of text



Because of the fleeting nature of consumer contact with outdoor advertising, text must be simple, short, and clear (Gardner and Luchtenberg, 2000). According to Gibson and Sanger (2001), short clear copy is, in fact, a critical determinant for the success or failure of a poster. Many studies of both print and outdoor advertising have shown the amount of text correlates negatively with attention, recognition, recall, and the appeal of advertising (Bhargava, Donthu, and Caron, 1994; Donthu, Cherian, and Bhargava, 1993; Gardner and Luchtenberg, 2000; Hendon, 1972; Rossiter, 1981). Research on advertising in the print media (Twedt, 1952) indicates that text should be easy to read, reducing the effort required of the recipient of the advertising message.

Bhargava, Donthu, and Caron (1994), however, found no relationship between the size of the text and recall in their research on outdoor advertising. It is reasonable to expect, therefore, that the appeal of an outdoor advertisement will decrease as the amount of text increases. Furthermore, the size of the text—expressed in average letter size—should correlate positively with the effectiveness and appeal of outdoor advertising posters.

### 2.2.4 Number of elements

As the number of elements in a poster increases, an outdoor advertisement runs the risk of becoming more complex, confusing, and unfocused. Alternatively, fewer elements in a poster generally create a more effective advertising environment. At JCDecaux, a leading international outdoor media owner, the mantra is simple: "The poster is finished when you can't find a single element to remove." In research on both print (Franzen, 1994) and outdoor advertising (Hendon, 1972), the number of visual elements was found to have a negative correlation with recall and recognition.

### 2.2.5 Use human characters



When a figure on a poster appears to make eye contact with a passerby, the passerby may feel directly addressed (Messaris, 1997). The use of close-ups can also increase the feeling of engagement with the advertising message. On this basis we expect the use of photographs of people can have a positive effect on brand interest and appeal in outdoor advertising.

A majority of the gender-specific studies on the influence of the figures in advertisements indicate that female figures are more effective than male figures (Stewart and Furse,1986; Stewart and Koslow,1989).In their research on prize-winning Television commercials, however, A. Gagnard and J. R. Morris reported in the *Journalism Quarterly* in 1988 that male figures can have a more positive effect than female figures. Although cartoon characters may be perceived as charming, loveable, and amusing, research on TV commercials showed that, among adults, cartoon and comic book figures had a negative effect on attention and recall (Franzen,1994).

### 2.2.6 Product information



The information in an outdoor advertising poster includes all the objective information (both verbal and visual) relating to the concrete and physical characteristics of the advertised product (Edell and Staelin, 1983).

In a 1977 article in the *Journal of Research*, A. Resnik and B. L. Stern introduced a method for measuring the informative content of an advertising message that since has been used in more than 60 studies (Abernethy and Franke, 1996). The message is

simple: A large amount of information creates a message complex that can generate confusion (Stern, Krugman, and Resnik, 1981), especially in as transitory a medium as outdoor advertising. A less-is-more principle remains a reasonable assumption: the fewer informative elements used, the more appealing and effective the poster.

### 2.2.7 Humor



Humor can have a positive influence on advertising effectiveness (Gagnard and Morris, 1988; Stewart and Furse, 1986; among others). A positive relation between humor and recall has been demonstrated for outdoor advertising (Bhargava, Donthu, and Caron, 1994). But humor may distract from brand identification and coupling; there also is the risk that the humor will be remembered, but not the brand. The effects of humor are unclear and disputable (Weinberger and Gulas, 1992). Furthermore, its effectiveness depends on the product being advertised (Stewart and Furse, 1986)



### 2.2.8 Brand identification



Brand identification can be achieved using a product shot, a logo, or a brand name. In an analysis of television commercials, the use of brand-identification elements had a positive correlation with attention and recall: Brand coupling increased by about 55 percent when a brand logo was prominently and clearly displayed (Franzen,1994). Strong product identification also has a positive effect on the influence on choice (Stewart and Furse, 1986; Stewart and Koslow,1989).

Research on advertising in print media similarly has shown that the number and size of product shots can have a positive influence on recall (Twedt, 1952). In the research conducted by W. D. Hendon (1972), the recognition and recall of outdoor advertising were positively influenced by the size of the product shot and the logo. In *Admap*, S. Gibson and A. Sanger argued in 2001 that a successful outdoor advertising poster must have a strong branding component.

In the Netherlands, opinions based on practical experience support this view (JCDecaux, 2003). A JCDecaux study recommended that a product shot needs to occupy at least one-third of the available space on an outdoor advertisement if it is to generate a high level of recognition (JCDecaux, 2003). We expect, therefore, that the number of brand-identification objects and the size of the various brand-identification objects will have a positive effect on the speed of product/brand recognition: the more often brand-specific points of reference (i.e., product shots, logos, and brand names) are used and the more prominently they are displayed, the faster the product/ brand will be recognized in outdoor media. To balance that, however, we also might expect that too much branding may detract from a poster's appeal.

### **2.2.9 Color and layout**

Colors can evoke images, ideas, and feelings. In creating advertisements, the choice of color usually is based on intuition and anecdotal evidence (Gom, Chattopadhyah, Yi, and Dahl, 1997). Opinions vary about the effect of colors (Smits, 1967; Walters and Svebak, 1982). For outdoor posters, in an environment where the color red already has a clear signal function in traffic lights, we could argue that this color might have a negative influence; on the other hand, its stopping power might work to attract and hold the attention of passersby.

Likewise, the color blue is associated with blue skies and good weather; in outdoor advertising, it might elicit positive feelings that could positively affect a poster's effectiveness.

The use of a number of colors in an advertisement can produce a positive advertising effect (Du Plessis, 2001; Grenhaug, Kvitastein, and Gronmo, 1991), but too many colors may create clutter that leads to consumer confusion. And for the **layout** how various design elements relate to one another strongly influences how an advertisement is read and interpreted. The manner in which people view a poster helps determine whether the advertisement makes an immediate connection to them (Franzen, 1994). In Western culture, the conventional scanning route is from upper left to lower right (Gardner and Luchtenberg, 2000; Scott, 1994). In a 1972 article in the *Journal of Advertising Research*, J. Gutman reported that placing information in the top of the poster stimulated brand identification. We expect that placing brand/product information in the top (first seen) or middle (eye level) half of the poster will result in faster recognition.

### **2.3 Executional Factors associated with the success of billboards**

Relatively few studies have attempted to examine executional factors associated with the effectiveness of billboard advertising. However, a few have provided very specific advice for outdoor advertiser. In examining the outcomes of outdoor advertising, some studies found that a novel or very creative execution could improve recall or attention of billboards (Fitts and Hewett 1977). Thus, use of a clever creative execution is one factor that has been hypothesized to correlate with outdoor advertising.

In a content analysis of billboard, Blasko (1985) examined whether advertisers were following accepted creative principles associated with outdoor advertising. Drawing on Burton's *Advertising copywriting* (1983) and the traffic audit Bureau's Planning for out-

of-home media (1977), Blasko listed five main principles of effective billboard advertising:

1. Short copy
2. Simple background
3. Product identification
4. Simple message
5. Creative

Studies conducted by Donthu, and Cherian and Bhargava (1993) and Bhargava, Donthu, and Caron (1994) found recall of billboards to be positively related to a variety of factors, including brand differentiation, emphasis on product performance, inclusion of price, use of photograph, use a humor, use of color, and a good location for the billboard.

The 1993 study emphasized that advertising recall can be enhanced by using fewer words or unusual executions. As with the key advantages of outdoor advertising there have been many discussion of strategic and executional factors related to the success of billboards, but little systematic investigation of the underlying factors that drive successful billboard advertising.

Below we offer some insight on these factors by providing two theoretical perspectives on the promotional role of the billboards.

## **2.4 Conceptual rationale**

There are two theoretical perspectives for this study

### **2.4.1 First theoretical**

Humans have limited information-processing capacity, part of the attraction of billboards involves their ability to cut through clutter. To deal with the large volume of advertisements shown, people engage in *selective perception*, which involves screening out advertisements that are less relevant to them (Celsi and Olson)1988;Mowen and Minor 1988).

### **2.4.2 Second theoretical**

Billboard appears at a specific location, many of its advantages are linked to geographic factors. As it suggested by gravity model in retailing (e.g., Allaway, Berkwitz, and D'Souza 2003; Bell, Ho, and Tang 1998), in the absence of a compelling stimulus such as substantially larger floor selling space or selling, consumers are more prone to shop close to home.

## **2.5 Selective perception**

A key obstacle to advertising effectiveness is the volume of advertising to which consumers are exposed. Godin (1999) reports that an average consumer is exposed approximately one million marketing messages every year. To help manage this volume of information, consumers control their own information processing and engage in selective perception, which leads to processing only limited number of advertisements and ignoring many others.

Selective perception has been conceptualized as a four-part process consisting of;

1. Selective exposure,
2. Attention
3. Comprehension
4. Retention

In an advertising context, selective exposure refers to people limiting the communication they see and hear to those that conform to their preexisting ideas and attitudes (Burgoon, Hunsaker, and Dawson 1994). Selective attention refers to actually paying attention to the advertisement once exposed to it. Selective comprehension involves the process by which the consumer reconciles the advertisement's content with preexisting beliefs. Finally, selective retention is defined as remembering messages that are more consistent with one's prior beliefs and one's own self image. When related to advertising, these four stages generally must occur before the advertisement reaches the consumer. At a minimum, attention and retention must take place (Assael 1981).

As a result, an advertiser must consider how selective perception is affecting their ability to get a message through to the consumer. Because of the heavy volume of advertising to which consumers are exposed, they must decide which advertisements to screen out and which to process. As media-planning expert Erwin Ephron has observed, outdoor advertising is unique in that people are not involved in the medium as they would be when watching a television program or reading the newspaper. As a result, Ephron

(2004) has described outdoor advertising as a unique case in which the “the medium is the message.” When driving by a billboard, a motorist is not bombarded with other media options, so selective perception is not as much of an obstacle as in some other media. Although the short exposure time and lack of involvement in the medium mandate that higher frequency of exposure is necessary for billboards to have the same as other media (Cannon and Riordan 1994; Murray and Jenkins 1992), the ability to cut through a cluttered advertising environment is a key benefit of billboards.

In short, billboards have special advantage in that they are generally seen in a setting where there is less competition for people’s attention. As a result, they may appeal to advertisers because of their ability to get noticed, especially at times and places when consumers are considering a purchase or are ready to buy (e.g., billboards for tourist attractions, retail stores, and restaurants). There are, of course, some contexts in which billboards are used for brand building and supplementing other media, but the recent shift toward local retail and service business accounting for a high proportion of billboards is indicative of the applicability of billboards being present at the right time (e.g., when a motorist is looking to stop for a meal)

## **2.6 Gravity model**

Dating back to Reilly’s law of retail gravitation (Reilly1983), it has been theorized that in the absence of known major advantage of an alternative (such as larger floor space), consumers will shop closer to home. Building on Reilly’s law, Huff (1964) focused on spatial behaviour of shoppers. At the heart of Huff’s law is the notion that travel time to a shopping centre is inversely related to the likelihood of shopping there. In other words,

the greater the distance to the shopping area, the less likely the consumer is to make a trip here. Huff and subsequent modeller (eg., Bell, Ho and Tang 1998) have examined factors that can induce consumers to travel further.

The overriding assumption of these models is that some additional attraction must be present to offset the distance, thereby making close locational proximity an advantage in most retail contexts. Because gravity model suggest that consumers have a natural preference for travelling shorter distances and shopping at nearby places, it follows that billboards located in close proximity to the store are advantageous from a gravity perspective is also consistent with media-planning advantages of billboards, namely, high reach and frequency in local trade area. A study by Allaway, Berkowitz, and D'Souza (2003) support the notion that the billboards in close proximity to a store enhance gravity effects.

In examining the spatial diffusion of a loyalty card for a major U.S. retailer, the authors found relationship between distance from the store and likelihood of signing up quickly. They also found a significant billboard effect, stating, "Even within 0-3-mile ring nearest billboard than adopters" (p.144). Allaway and Borkwitz (2006) further found that residents who live within two miles of a billboard advertising the program had 26% higher probability of adoption during the launch period, and that the speed of adoption was influenced by the number of billboards within two miles of the resident. Additional evidence for the influence of locational elements on billboards effectiveness is provided by Bhargava and Donthu (1999), who found that sales response is influenced by location of exposure.



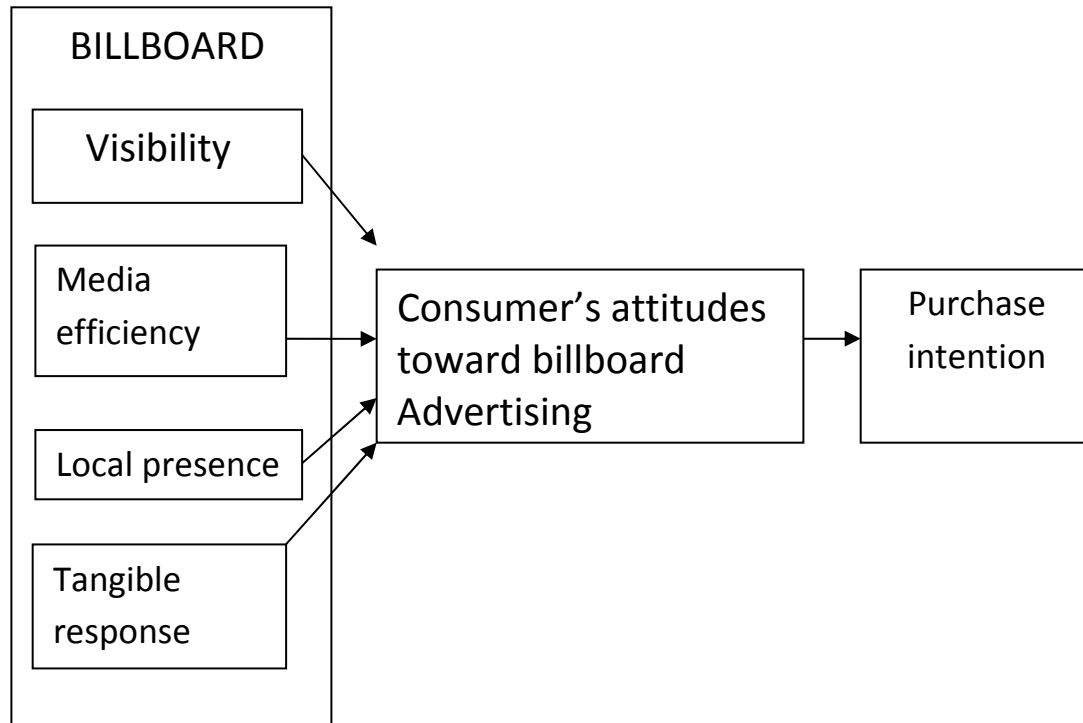
In addition to academic research suggesting that billboard effectiveness is related to location, the well-documented fact that most retail businesses draw most of their customers from a limited geographic area supports the application of gravity models to billboards. For example, Nelson and Niles (2000) cite data from the International Council of Shopping Centers that indicate that a neighborhood strip mall's primary trade area is consumers within 3 miles, whereas regional malls draw from 5 to 15 miles, and outlet malls from 25 to 75 miles. In addition, data from the National Association of RV Parks and Campgrounds based on studies from state tourism departments show that travelers generally do not consider dining accommodation and entertainment options until 30 to 60 minutes prior to making a stop.

While the primary trade area for retailers and service business can range from very small for small businesses such as independent restaurants, gas stations, and convenience stores, to being considerably larger, as in the case of amusement parks or large shopping malls, the need to reach consumers in the local area is readily apparent.

The locational advantages of outdoor advertising are consistent with the need to engage in "recency planning" (Ephron 1997). In the modern environment, advertising works by influencing those who are ready to buy. In this new model, "consumers control messages by screening-out most and selecting only a few that are relevant to them at the time.

The new model accepts the relevance that what makes ads work is provided by what is happening in the consumer's life and seldom by the advertising". (Ephron 1997, p. 61).

The ability to avoid being screened out via selective perception processes allows many billboards to get noticed at the point at which the driver is considering a purchase.

**Figure 2.1 Theoretical framework**

The conceptual model of the study that author developed in fig 1 consist of several variables that could support this research. Those variables that used are;

- **Visibility**

This is also a strategic driver towards creating billboard value. The location has to be visible in order to be attractive. Companies use billboards because they provide high visibility to the target audience; they are easily seen, make a strong impression, and are visible 24 hours a day.

- **Media efficiency**

Media efficiency, such as broad and frequent exposure to the target audience, suggests that the medium is effective and cost-efficient since it is being noticed even in a competitive environment.

- **Local presence**

The ability to build a local presence based on providing a “last hit” close to the place of business is also linked to retail gravity. Furthermore, the gravity model is linked to Ephron’s concept of recency planning, in that a billboard’s proximity to the place of business enhances the likelihood of a stop at a time when the consumer is ready to buy.

- **Tangible response**

Tangible response refers to the ability of billboards to bring in customers, increase traffic, and build sales. There is wide spread agreement that billboard’s ability to attract customer is closely linked to its proximity to the place of business (e.g., Taylor and Franke 2003), thereby linking this factor to gravity model.

- **Consumer's attitudes toward billboard advertising**

In order to measure respondent's attitudes toward billboard advertising, a 5-point Likert scale was used. Respondents were asked to indicate the agreed or disagreed with the 10 attitudes statements. This attitude scale has been previously used in other research studies (e.g., Deshpande , Hoyer, and Donthu, 1986) and was very reliable.

- **Purchase intention**

Purchase intention is a part of the decision process on consumer behavior. In the buying process, the consumer should stop looking for and evaluating information about alternative option in the evoked set and makes a purchase decision. In this study consumer's purchase intention measured by consumer's attitudes toward billboard advertising. As the result the evaluation stage, the consumer may develop a purchase intention or a predisposition to buy a certain brand or product.