CONSUMER JUDGMENT OF ADVERTISING STRATEGIES IN THE DAIRY PRODUCTS MARKET

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ABSTRACT

The Hungarian marketing communication model for dairy products is falling behind international competition in both the quality and quantity of its advertisements. Multinational companies buy up a huge amount of advertising space across all sorts of media, and it is very hard for small companies to compete with their enormous budgets. Consumers can recall only large companies’ commercials, a fact reflected in the average consumption of the advertised products. Beside the regular methods of buying airtime and ad-space, alternative commercial methods have developed a huge presence in the field. These techniques are efficient, fast, and affordable to everyone who wants to directly deliver a commercial message. The utilization of guerilla marketing methods in the dairy products market can solve many of the problems facing Hungarian dairy companies. By their very nature, advertising channels run parallel with consumer demographics’ social networks and could thus save a huge amount of money for producers and distributors. In the information age, people are less and less willing to accept at face-value the legitimacy of advertisements and the trustworthiness of major corporations. For today’s consumer, uninformed media choices are often no longer an option. Increasing customer awareness means more accountability for advertisers and media companies, which test customers’ credulity at their own peril. Informed choices by consumers increase the possibilities for a vibrant economy and effective government and a sustainable civil society. Until recently, those studying media focused on the social and economic aspects of advertising and media content to determine their impacts on our opinions and behavior. However, the size, scope, dynamics and growth rate of today’s media consumption patterns make it increasingly important that we also consider way companies use resources to reach their target audiences and way those audiences respond (Carli, 2010).

Keywords: dairy product market, consumer judgement, random test

INTRODUCTION

We use multimedia solutions constantly in our everyday life. Social networks and social media applications are becoming more and more important. As it becomes easier for people to share their opinions and information about a given product, it becomes more important for companies to respond to customer opinions and participate directly in their discussions.

MATERIALS AND METHODS

In our primary research, we surveyed a random test population of 500 people to obtain preliminary data. We separated questions into categories such as
consumption frequencies, brand recognition, brand value, consumption habits, 
media consumption habits (especially regarding the internet), and basic social data. 
For the data analysis, we used SPSS 14.0 for Windows Edition.

We compared our data with the public data of Hungarian Advertising Association 
(HAA), Ipsos, GFK and Nielsen for advertising in 2010 and the first quarter of 2011, 
and Media Consumption Habits in the last decade.

RESULTS AND DISCUSSION

The dominant trend in contemporary media consumption is the increase in the 
simultaneous use of multiple media. Young people today spend one quarter of their 
media time using multiple media. In Hungary, media consumption trends have gone 
through a great change in the last decade. Daily internet usage has increased 61 
percent in the last 10 years and is still increasing. Figure 1 shows media consumption 
trends in Hungary according to data from GfK Hungária and Ipsos from 2000.

Figure 1

Media Consuming Trend in Hungary, 2000-2010

The drastic nature of these changes suggests that all companies, no matter their size, 
must reconsider where to employ their advertising budgets to achieve the best results.

These patterns are not unique to Hungary, but reflect general tendencies across 
the developed world. In Figure 2, which contrasts global advertising expenditures 
with Hungarian, we see how similar the national and global numbers are. In 
Hungary, as in the rest of the world, the greatest amount of money is spent on TV 
advertisements, followed by print media, with the internet coming in a distant third. 
Radio is falling behind. How many years must pass before dairy companies (and all 
the others) realize they should reconsider their marketing budget?

As the internet takes over as the most significant medium for advertisement, 
dinosaurs like Danone Hungary and Friesland Hungary, with their gigantic 
expenditures on television advertising, are being left behind. Right now these two
companies are in the Top 15 Advertisers of Hungary, as you can see in Table 1. These Expenditures refers only the TV advertisements.

**Figure 2**

**Global vs. Hungarian Advertising Budget Allocations 2010**

![Graph showing Global vs. Hungarian Advertising Budget Allocations 2010]

Source: *HAA*, 2010

**Table 1**

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Expenditure (HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Procter &amp; Gamble Hungary</td>
<td>4 407 780 762</td>
</tr>
<tr>
<td>2 Reckitt Benckiser</td>
<td>3 517 830 520</td>
</tr>
<tr>
<td>3 Henkel Hungary</td>
<td>3 382 409 479</td>
</tr>
<tr>
<td>4 Danone Hungary</td>
<td>1 950 636 670</td>
</tr>
<tr>
<td>5 Unilever Hungary</td>
<td>1 789 554 698</td>
</tr>
<tr>
<td>6 Kraft Foods</td>
<td>1 594 686 340</td>
</tr>
<tr>
<td>7 Ferrerro</td>
<td>1 489 455 135</td>
</tr>
<tr>
<td>8 L’Oreal</td>
<td>1 461 108 650</td>
</tr>
<tr>
<td>9 Nestle Hungaria Kft.</td>
<td>1 056 625 216</td>
</tr>
<tr>
<td>10 Spar Hungary</td>
<td>1 053 181 154</td>
</tr>
<tr>
<td>11 Johnson&amp;Johnson</td>
<td>819 180 460</td>
</tr>
<tr>
<td>12 Friesland Hungaria</td>
<td>744 262 040</td>
</tr>
<tr>
<td>13 Glaxosmithkline</td>
<td>741 163 425</td>
</tr>
<tr>
<td>14 Storck</td>
<td>643 695 090</td>
</tr>
<tr>
<td>15 Mars</td>
<td>564 097 730</td>
</tr>
</tbody>
</table>

Source: *Ipsos*, 2011
Ranking companies by the number of their TV spots in a year (2010), Danone Hungary is again in the top 5 (Table 2). Although consumers most frequently recall Danone products when asked about dairy product advertisements, there are many other companies offering products of comparable quality who simply can't afford to saturate commercial breaks the way Danone does. But will simple product recognition be enough in an age of social media-based consumer reviews and contagious consumption trends?

Table 2

Number of TV Spots in 2010

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Number of Spots</th>
<th>Expenditure (billion HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reckitt Benckiser</td>
<td>243 499</td>
<td>27.0</td>
</tr>
<tr>
<td>Danone Hungary</td>
<td>162 464</td>
<td>18.4</td>
</tr>
<tr>
<td>Procter &amp; Gamble</td>
<td>141 691</td>
<td>28.5</td>
</tr>
<tr>
<td>Henkel</td>
<td>76 242</td>
<td>16.1</td>
</tr>
<tr>
<td>Unilever</td>
<td>66 838</td>
<td>18.1</td>
</tr>
</tbody>
</table>

Source: Ipsos, 2011

As stated in Table 2 our primary research contained a survey of a random test population of 500 people to obtain some preliminary data. Figure 3 shows the distribution of the sample according to age. 65 percent of people surveyed were between 18 and 29. This is a very important target group, since they're the most receptive group to the new internet technologies. Of course, the dairy product producers cannot ignore all the other groups, because nearly everyone makes use of dairy products.

Figure 3

Distribution According to Age
Above, we saw that the biggest dairy companies spend enormous amount of money on TV ads, even over such a short period as the first quarter of 2011. Our 15th question on the survey was “Do you change the channel during commercials?” Figure 4 shows how people answered.

**Figure 4**

**Do you change the channel during commercials?, %**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>20.9</td>
</tr>
<tr>
<td>NO</td>
<td>77.4</td>
</tr>
</tbody>
</table>

Taken together, the foregoing information seems to indicate that a huge misunderstanding exists between companies and consumers. Companies spend a lot of money saturating television and print media with superficial spots, which merely strengthens the so-called “wallpaper-effect.” This term refers to the mind's tendency to treat wallpaper patterns as an undifferentiated blur of shape and color; a similar blurring effect is caused by the more than 3000 advertisements to which an average person is exposed daily. Companies employing such strategies ignore the fact that consumers increasingly want to make decisions based on proper information. With the regular methods of buying airtime and ad-space, there is no way to deliver the desired message. That is why companies need alternative, “guerilla,” methods, which are efficient, fast, and affordable to everyone who wants to deliver a commercial message directly.

The ad-killer wallpaper-effect could be bypassed with these irregular approaches. “Seeding” (placing branches, representatives and awareness in strategic locations to cultivate a loyal customer base over the long term) and cultivation of “opinion leaders” (individuals whose ideas and behavior serve as a model to others) on social networks will increasingly supplant traditional means of advertising. It stands to reason that, as this shift occurs, those companies flexible enough to adjust their policies and practices to take advantage of it will emerge at the head of the pack heading deeper into the twenty-first century.
CONCLUSION

Utilizing guerrilla marketing methods in the dairy products market can solve several problems simultaneously. By their very nature, advertising channels run parallel with consumer demographics' social networks, and could thus save a huge amount of money for producers and distributors by cutting out the middleman and allowing more direct contact with the consumer and his or her constituency.

Creative ad-ideas have started a buzz and have proven they can effectively deliver the message. By utilizing these techniques, small to mid-sized companies could deliver their messages to a much wider audience.

As it becomes increasingly clear that the internet will be the dominant medium for much knowledge-transfer, commerce, and entertainment in the next decade, companies must adjust their policies to take advantage of its unprecedented capacity to reach consumers directly. By keeping themselves on the cutting edge of advertising methods, large and small companies alike can ensure they get a good piece of the pie.

REFERENCES


