

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

Deceptive Advertising and Customer Loyalty: Evidence from Personal Care Products

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Abstract: This study aims to examine the relationship between deceptive advertising and customer loyalty in the context of personal care products. Using a structured questionnaire, we collected the data from 420 respondents. To examine the unidimensionality of variables, we deployed exploratory factor analysis. Further, to test the relationship between deceptive advertising and customer loyalty, we deployed regression analysis using IBM SPSS. The findings of our study documented a negative relationship between deceptive advertising and customer loyalty implied deceptive advertising negatively influences customer loyalty towards brands of personal care products. Therefore, the findings of our study have many practical implications for marketers of personal care products, customers, and the general public.

Keywords: Deceptive advertising, Customer loyalty, Personal care products.

I. INTRODUCTION

In the present serious business environment no business can turn into a market chief except if they burned through huge number of funds in limited time purposes. The critical motivation behind advertisement is to accomplish important customers by affecting their considerations, information and purchasing behaviour (Iqbal and Siddiqui, 2019). To communicate the customers, marketers use different methods to promote products and services, for instance, “events”, “personal selling”, “public relations”, “direct marketing”, “word of mouth marketing”, and “advertising” (Fill, 1999; Kotler, 2010). The advertising is very frequently used methods among available methods of marketing. Advertisement is the mean of educating just as affecting the overall population to purchase an item or service. An item or service is promoted to make mindfulness in the personalities of likely purchasers through different publicizing mediums like magazines, radio, TV, bulletins, web promoting, paper, and so forth advertising generally gives data about the promoting firm, its servicing characteristics, its item, and the spot of accessibility (Singh, 1996). Firm generally use advertisements to increase revenue, customer satisfaction and loyalty.

On other hand, an advertisement turns into misleading or false when untruthful or deceptive statements are used in the advertisement to attract the customer towards the product or services. Previous studies documented that deceptive advertising negatively influence the customer loyalty (Iqbal and Siddiqui, 2019). Therefore, this study examines the relationship between deceptive advertising and customer loyalty in the context of personal care products (see **Figure 1**). To the best of authors’ knowledge, this is first study which investigates the influence of deceptive advertising on customer loyalty in the context of personal care products. The rest of the article is organized as follows. Section 2 provides the relevant literature. To achieve the objective of the study, research methodology is explains in Section 3. Section 4 discusses the empirical results. Section 5 provides the conclusion and practical implications.

II. LITERATURE OF REVIEW

In context of telecommunication industry, Fayaz and Lodhi (2015) documented that deceptive advertising negative influence the customer loyalty, and attitude towards. They revealed that deceptive advertising practices adapting by marketers of mobile phone which adversely influence customer satisfaction and loyalty. Further, Hussain (2015) found that “misleading information”, “stereotyping” and “unethical advertising” are predictors of customer satisfaction and loyalty. Chaouachi and Rached (2012) stated that “customer loyalty is achieved through customer experience, quality perception and brand image, it’s among key determinants to gauge the behavior and attitude toward a product”. In addition, Hölmstrom (1979) provided that deceptive advertising causes moral hazard because individuals disclose or share information with other individuals when they acquire favorable outcomes from products and services. Further, Khan & Rajput (2014) investigated the relationship between deceptive advertising and customer behavior. They stated that “deceptive advertising is a critical matter, many advertisers do not accept that they have over promising with the product”. Further, Kamlot et al. (2014) examined the customers’ responses towards deceptive and non-deceptive advisements and found that individuals were more attracted towards deceptive advertising than non-deceptive advertising. Moreover, previous studies documented that deceptive advertising negatively influences customer loyalty (Siham, 2013; Hsieh et al., 2010; Sabir et al., 2013; Wilkins et al., 2016; Del Bosque et al., 2006).

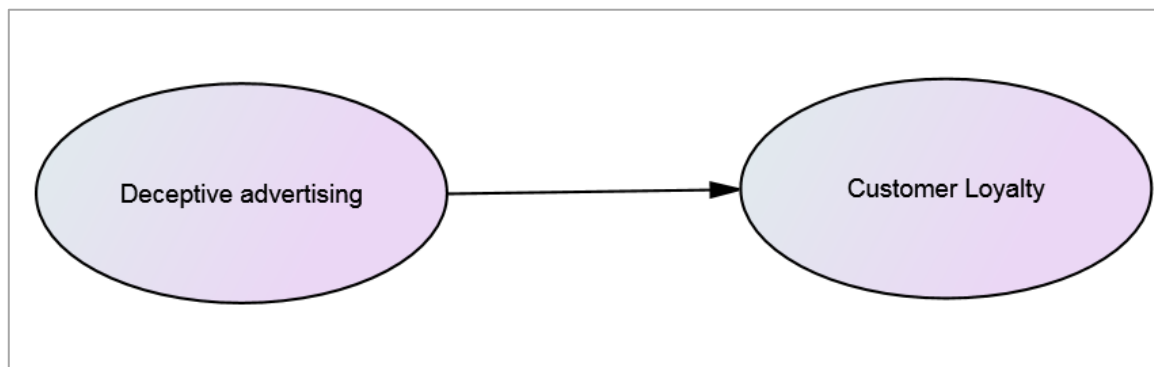


Figure 1: Theoretical model

III. METHODOLOGY

3.1 Sampling and data collection

We collected data using a structure questionnaire via online and one-to-one contact from the individuals who have capacity to purchase personal care products in the state of Haryana. The respondents were selected using non-probability convenience sampling method. Initially, we distributed 600 questionnaires among respondents online and one-to-one contact. Of the 600 respondents, 440 questionnaires were returned by respondents. Of the 440, 420 were found suitable to further analyze, resulting in a 70 percent response rate, which is more than reasonable for a survey of this type (Ganguli and Roy, 2011). The detailed demographics are shown in **Table 1**.

3.2 Measurement instrument

We developed the survey instrument using the scale developed by previous studies. The deceptive advertising was measured using the scale developed by Roman (2010). In addition, the customer loyalty was measure using the scale proposed by Amoako et al. (2017). Respondents were asked to state their level of agreement with the series of statements stated in Annexure A using a five-point Likert scale ranging from “strongly disagree” to “strongly agree.”

IV. DATA ANALYSIS AND DISCUSSION

4.1 Demographic profile of respondents

Table 1 shows demographical characteristics of survey respondents. We found that 36.90% of respondents were less than 30 years followed by 29.52% were 31-40 years, 20% were 41-50 years, 12.62% were 51-60 years and rest of 0.95% respondents

were greater than 60 years. Further, 45.24% of respondents were post-graduate followed by 22.86 were graduates, 16.19% were professional, 8.57% were up to 12th, and rest of 7.14% were others degree holders. In addition, we found that 61.90% of respondents were employed in service sector followed by 19% were businessmen, 12.86% were students, and rest of 6.19% were others. Our results show that majority of respondents were unmarried. 50% of respondents were earned 30,001-1,00,000 monthly followed by 21.19% of respondents earned 1,00,001-1,50,000 monthly. In context of family size, 47.62% respondents had 4-6 members, followed by 45.24% respondents had up to 3 members, and rest of 7.14% had greater than 6 members. In addition, we found that majority of respondents were always prefer to buy branded items of personal care products. Furthermore, our results provided that 67.86% respondents spend greater than Rs. 1,000 followed by 14.29% respondents spend 501-1,000. Majority of respondents use personal care products one a day.

4.2 Factor analysis

Table 2 shows internal quality of latent variables. We deployed exploratory factor analysis (EFA) with principle component analysis (PCA) using the Varimax with Kaiser Normalization for factor rotation (see **Table 2**). The outcomes of EFA provided that all items corresponding to deceptive advertising emerged as one-dimensional. Similarly, In addition, the outcomes of EFA provided that the structure of customer loyalty is one-dimensional. We found factor loadings to all statement greater than threshold 0.40. In addition, we also checked reliability of latent variables using the Cronbach's alpha. The value of Cronbach's alpha corresponding to deceptive advertising and customer loyalty are 0.921, and 0.891, respectively, that validate the reliability of latent variables.

Table 1: Demographics of respondents

Variables	Category	Frequency	%
Age (years):	<30	155	36.90
	31-40	124	29.52
	41-50	84	20.00
	51-60	53	12.62
	>60	4	0.95
Educational qualification	Up to 12 th	36	8.57
	Graduation	96	22.86
	Post-Graduation	190	45.24
	Professional	68	16.19
	Others	30	7.14
Occupation	Student	54	12.86
	Service holder	260	61.90
	Business	80	19.05
	Others	26	6.19
Marital status	Married	120	28.57
	Unmarried	300	71.43
Monthly income (in Rs.)	Less than 30,000	86	20.48
	30,001-1,00,000	210	50.00
	1,00,001-1,50,000	89	21.19
	Above 1,50,000	35	8.33
Family size (in members)	Up to 3	190	45.24
	4-6	200	47.62
	>6	30	7.14
Preference to purchase branded items of personal care products	Always	380	90.48
	Sometimes	25	5.95

	Never	15	3.57
Expenses to purchase of personal care products in a month (in Rs.)	< 200	35	8.33
	201-500	40	9.52
	501-1000	60	14.29
	>1000	285	67.86
	Once a Day	350	83.33
Frequency to use personal care products	Twice a Day	60	14.29
	>2 time a day	10	2.38

Notes: N=420.

Source: The authors.

Table 2: Internal quality of latent variables

Variable	Cod e	Items	Factor loadings	Cronbach's alpha
Deceptive advertising (DA)	DA1	Advertisements related to personal care products exaggerates the benefits and characteristics of its offerings	0.87	0.921
	DA2	Information given by advertisements on personal care products is unclear	0.88	
	DA3	Advertisements on personal care products use misleading tactics to convince consumers to buy products	0.79	
	DA4	Advertisements on personal care products are much focused on product features that are not important to buy	0.91	
	DA5	Advertisements on personal care products misrepresent product characteristics	0.92	
	DA6	Advertisements on personal care products take advantage of less experienced consumers to make them purchase	0.86	
<i>Total explained variance = 66.54%; KMO measure = 0.886; Bartlett's Test of Sphericity (p<0.000).</i>				
Customer Loyalty (CL)	CL1	I would say positive things about personal care products to other people	0.92	0.891
	CL2	I would recommend personal care products to someone who seeks my advice	0.88	
	CL3	I would encourage friends and relatives to use personal care products	0.78	
	CL4	I would recommend brand of personal care products to friends and acquaintances.	0.89	
	CL5	I have never considered switching to another brand of personal care products	0.81	
<i>Total explained variance = 55.12%; KMO measure = 0.893; Bartlett's Test of Sphericity (p<0.000).</i>				

Notes: N=420.

Source: The authors.

4.3 Correlations between variables

Table 3 shows the correlations between variables. We found negative and significant relationship between deceptive advertising and customer loyalty ($r=-0.445$, $p<0.01$). The negative relationship between deceptive advertising and customer loyalty indicate that increase in level of deceptive advertising causes decrease in customer loyalty or vice-versa.

Table 3: Correlations matrix

Variables	Deceptive advertising (DA)	Customer Loyalty (CL)
Deceptive advertising (DA)	1	
Customer Loyalty (CL)	-0.445*	1

Notes: N=420. * correlation is significant at 0.01.

Source: The authors.

4.4 Deceptive advertising and customer loyalty

Table 4 shows the results of regression model. We found constant coefficient positive and significant ($\beta=1.222$, $p<0.01$), implied the value of dependent variable will be positive in absence of other independent variables. Further, the coefficient of deceptive advertising is negative and significant ($\beta=-0.632$, $p<0.001$), indicates that one unit increase in deceptive advertising

cause 0.632 unit decrease in customer loyalty. Furthermore, our results that deceptive advertising negatively influence the customer loyalty.

Table 4: Results of regression model

Variable	Unstandardized coefficients	Standard error	t-value	Standardized coefficients
Constant	1.222	0.312	3.917*	-
Deceptive advertising (DA)	-0.632	0.070	-9.029**	-0.412

Notes: Dependent variable = Customer Loyalty (CL). $R^2=32.13$. * and ** coefficient is significant at 0.01 and 0.001, respectively.

Source: The authors.

V. CONCLUSION AND IMPLICATIONS

This study investigated the relationship between deceptive advertising and customer loyalty in context of personal care products. Using the sample of 420 respondents, our study documented negative and significant relationship between deceptive advertising and customer loyalty, implied that deceptive advertising negatively influence the customer loyalty. Furthermore, the opinion of customers of personal care products negatively influence by deceptive advertising. Therefore, our findings are consistent with results of Hasan (2011), Jahanzeb (2015), and Fayaz and Lodhi (2015), which propose that deceptive advertising negatively influence customer loyalty. Deceptive advertising is the use of misleading, false and wrong advertising of a product which may unhelpfully affect customers' moral.

The findings of our study have many practical implications for marketers of personal care products, customers, and general public. In order to increase customer loyalty and build a strong relationship with the customer, the marketers of personal care products need to avoid lifting exaggerations and false claims in their advertisements. Further, consumers of personal care products should be aware to acquire all the information pertaining to products or services that what service is represented in what price and how various benefits it carries this will makes the customer less lying.

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Section A

Demographic profile of the respondent (kindly tick)

1. Age (years):

- | | |
|-------|-----------------------|
| < 30 | <input type="radio"/> |
| 31-40 | <input type="radio"/> |
| 41-50 | <input type="radio"/> |
| 51-60 | <input type="radio"/> |
| > 60 | <input type="radio"/> |

2. Educational qualification:

- | | |
|----------------------------------|-----------------------|
| Up to 12 th | <input type="radio"/> |
| Graduation | <input type="radio"/> |
| Post-Graduation | <input type="radio"/> |
| Professional (CS, CA, ICWA etc.) | <input type="radio"/> |
| Others | <input type="radio"/> |

3. Occupation:

- | | |
|----------------|-----------------------|
| Student | <input type="radio"/> |
| Service holder | <input type="radio"/> |
| Business | <input type="radio"/> |
| Others | <input type="radio"/> |

4. Marital status :

- | | |
|-----------|-----------------------|
| Married | <input type="radio"/> |
| Unmarried | <input type="radio"/> |

5. Monthly income (in Rs.)

- | | |
|------------------|-----------------------|
| Less than 30,000 | <input type="radio"/> |
| 30,001-1,00,000 | <input type="radio"/> |

1,00,001-1,50,000 Above 1,50,000

6. Family size (in members)

Up to 3 4-6 > 6

7. Do you prefer branded items of personal care products to purchase?

Always Sometimes Never

8. How much do you spend to purchase of personal care products in a month?

< Rs. 200 Rs. 201-500 Rs. 501-1000 > Rs. 1000

9. How often do you use personal care products?

Once a day Twice a day More than 2 time a day **Section B**

This section of questionnaire has been developed to assess perceived deceptive advertising towards personal care products; please specify (√) your opinion on each of them:

Strongly disagree (SD) = 1; Disagree (D) = 2; Neutral (N) = 3; Agree (A) = 4; Strongly Agree (SA) = 5

Code	Items	SD	D	N	A	SA
DA1	Advertisements related to personal care products exaggerates the benefits and characteristics of its offerings					
DA2	Information given by advertisements on personal care products is unclear					
DA3	Advertisements on personal care products use misleading tactics to convince consumers to buy products					
DA4	Advertisements on personal care products are much focused on product features that are not important to buy					

DA5	Advertisements on personal care products misrepresent product characteristics					
DA6	Advertisements on personal care products take advantage of less experienced consumers to make them purchase					

Section C

This section of questionnaire has been developed to measure customer loyalty towards personal care products; please specify (√) your opinion on each of them:

Strongly disagree (SD) = 1; Disagree (D) = 2; Neutral (N) = 3; Agree (A) = 4; Strongly Agree (SA) = 5

Code	Items	SD	D	N	A	SA
LOY1	I would say positive things about personal care products to other people					
LOY2	I would recommend personal care products to someone who seeks my advice					
LOY3	I would encourage friends and relatives to use personal care products					
LOY4	I would recommend brand of personal care products to friends and acquaintances.					
LOY5	I have never considered switching to another brand of personal care products					