

## EFFECT OF ADVERTISING ON SALES GROWTH OF SOFT DRINKS IN AUSTRIA; CASE OF COCA-COLA HBC AUSTRIA

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### ABSTRACT

**Purpose of the study:** The study examined the effect of advertising on the sales growth of soft drinks at coca-cola HBC in Austria.

**Research problem:** The level of competition has been stiff. The number of companies selling similar products increases the competition level. Thus, poor marketing stratifies can lead to losses and poor financial performance. This formed the current study's rationale to examine advertising's effect on sales growth.

**Research methodology:** The study adopted the descriptive research design. The sample size was 381 employees who were picked from the organization. The collection of the data was done using questionnaires. The analysis was done using descriptive and inferential statistics.

**Findings:** The study found that advertising positively and significantly affects sales growth. Organizations use advertisements to create awareness of their items and develop new items known to new and potential customers. The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume.

**Conclusion:** The study concluded that advertising significantly influences a product's sales growth. The advertisements can increase the customer base based on the persuasion language used. Companies have to remain known to the public to increase their sales.

**Recommendations:** The study recommends that Coca-cola and other soft drink companies continue with the advertisements. Due to the market's competitive nature, managers of organizations should establish and develop marketing programs that will satisfy customers' needs. Firms should additionally utilize celebrities in the nation to help them advertise their products since this may draw in a large number of people. Organizations need to have policies and frameworks that support advertisement programs. The advertisement of the products should be done continuously if even the sales growth is increasing.

**Keywords:** *Advertising, sales growth, soft drinks, Coca-Cola HBC, Austria*

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## INTRODUCTION

The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume. Advertising is any paid form of non-personal communication concerning a company or its item to a particular target audience through a mass/broadcast medium by an identified sponsor (Kassahun, 2019). It is noted that for any promotional activity to be regarded as an advertisement, it must be paid for. Genuinely, it is the approach organizations use to create awareness of their items and develop new items known to new and potential customers. The advertisements can increase the customer base based on the persuasion language used. Companies have to remain known to the public to increase their sales.

Advertising is any paid kind of non-personal presentation and promotion of ideas, goods, or services by a particular sponsor. Popova (2018) noted that there are different types of advertising, such as informative, persuasive, contrast and reminder advertising. Informative advertising is used to notify customers regarding a new product, service, or future or create primary demand. It defines available products and services, corrects misconceptions, and creates a picture of the firm. Advertising might be done via print media, which consists of newspapers, magazines, brochures, audio media like radio, and visual media like billboards and television (Kusuma, Purbantina, Riswari & Tutiasri, 2020).

Rodgers and Nguyen (2022) argued that advertising is a promotional tool and tends to remind, reassure and influence the choices of the customers since an advertisement itself enlightens, informs, and convinces customers of their acceptability of the product offering. Sales quantity is the primary concern of each firm and is anchored on sales and profit (Katsikea, Theodosiou & Makri, 2019). When quantity rises, profit increases and management in firms is simplified.

Sciglimpaglia, Tarr, and Brodowsky (2020) noted that advertising is designed to affect consumer behaviors by encouraging consumerism, particularly to switch from one brand to another or to stay faithful to the one they presently consume. To some extent, advertising can be worried about creating a market for new brands. The growth of advertising as the main factor has led to the rise in sales quantity of any item in various countries and the world at large (El Junusi, 2020). It will be hard for any item to survive in a competitive environment without advertisement techniques.

Advertising has undergone five significant steps of advancement: domestic, export, worldwide, and multinational (Paul & Mas, 2020). For international advertisers, four possibly competing business goals have to be balanced when designing international advertising: developing a brand while speaking with one voice, creating economies of scale in the creative process, taking full advantage of the local effectiveness of advertisements, and boosting the firm's rate of implementation (Sheth, 2020). The level of competition has been stiff. The number of companies selling similar products increases the competition level. Thus, poor marketing stratifies can lead to losses and poor financial performance. This formed the current study's rationale to examine advertising's effect on sales growth. The study examined the effect of advertising on the sales growth of soft drinks at coca-cola HBC in Austria

## **LITERATURE REVIEW**

Olayinka (2020) researched the impact of advertising in promoting the sales of MTN items in the Monaco metropolitan area. The study noted that advertising positively and significantly affects sales growth. Organizations use advertisements to create awareness of their items and develop new items known to new and potential customers. The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume. The research suggested that the MTN-NG advertising unit always needs to carry out a study to assist them in decreasing risk to a convenient proportion. It was suggested that MTN-NG must affirm efforts in beneficial good

consumer connection and conduct studies often to discover new needs of their clients and methods to meet up to decrease risk to a convenient proportion. The study recommended that further research be executed on the effect of MTN advertisements in newspapers, publications, radio, and internet.

A study by Söderman (2017) investigated the effect of advertising on the sales and revenue of a business taking Redbull as a case. Turner, Shah and Jain (2018) expressed advertising as any type of personal paid kind of non-personal communication that is directed to the clients or target audiences through different media to present and advertise an item, services and concept. Proper advertising demands experienced personnel consisting of a variety of experts to allow it grow in the ever vibrant and competitive business market. Hence, it is essential that crucial employees in departments who are directly involved to be thoroughly chosen and positioned to make sure continual success. In regarding the role advertising may play a growing number of firms and organizations need to start an international marketing campaign. Advertising campaigns clearly notified by depressed consumer demand, flourish by convincing the customer on the need for consumptions. To conclude this research, the influence of advertising at Redbull was plainly specified and it should have become a continual technique for Redbull.

Othman, Harun, De Almeida and Sadq (2020) examined the effects of advertising on sales quantity a case study of IX telecom in Malaysia. IX telecommunications were chosen to form the basis of the research. The primary goal was to determine the effects of advertising on sales volume in business organizations particularly IX telecommunications. The approach utilized consisted of analytical research styles consisting of questionnaires, interviews and documentary review. Questionnaires were organized and provided to the participants for filling. Throughout the collection of the questionnaires the researcher talked to the participants for the clarification of the primary data. The researcher assessed the paperwork's of the firm to get secondary data. According to the results advertising has been credited for its contribution in the firm for this reason raising sales through advertising. Keeping advertising from time to time was advised for the firm to stress.

Kemps, Tiggemann and Tuscharski (2021) argued that continual exposure to soft drink adds the environment is believed to be a significant factor to the increasing utilization of soft drinks. The research examined the impact of one such cue, television marketing, on soft drink choice and consumption. Within the context of dual-process models, we analyzed whether any such impacts

will be more powerful for people with an automatic tendency to reach for soft drinks (approach bias) or a trouble resisting soft drinks (bad repressive control). Respondents (N =250; 20-30 old) watched television adverts for either soft drinks or control (non-sweetened) drinks. Method predisposition and repressive control were analyzed by soft drinks models of the strategy-avoidance and go/no-go tasks. Respondents who had seen the soft drinks adverts were more probably to select a soft drink as their very first drink than those who had seen the control adverts. These impacts were more powerful for respondents with a strategy predisposition for soft drinks. Furthermore, respondents with poorer repressive control selected extra soft drinks in general adhering to the soft drink adverts. Even though exposure to soft drinks adverts did not influence soft drink consumption in the trial run, respondents with lower inhibitory control used more of the soft drinks. According to dual-process versions, people with solid automatic tendencies or bad self-regulatory regulation were more responsive to television marketing for soft drinks. At a practical degree, these cognitive susceptibilities offer possible targets for intervention to assist resist soft drinks cues.

Lin, Ahmad, Shafik, Khosa, Almaspoor, Alsuhabi and Abbas (2021) noted that firms use media marketing to advertise item to their consumers. Media marketing is generally through three various kinds of media like television, internet and print. The study focuses on the effect of media advertising on proton sales. Also, other studies on the impact of media marketing on individuals and various sorts of items will certainly be researched. The major goal of the study is to explore that if the advertising has a substantial influence on proton sales and to discover which kind of advertising is the most effective in proton sales. The technique of this study is quantitative and information which utilized is primary information. Information was gathered by dispersing questionnaires among two hundred and fifty-seven proton customers in Pakistan. The extent of the study is a proton consumer service center in the Punjab region. The data set consists of all kinds of advertising as a short period investment in Proton Firm. The outcome of the study reveals that clients are more affected by online advertising followed by advertising and print advertising. Nevertheless, the study explores that all three ways of media advertising has a considerable effect on proton sales. The results recommended some substantial of implications that can sustain marketers to generate improved regional adverts and supply some explanations to apply media advertising effectively.

Santana, Guimaraes, Leite, Mais, Horta, Bortoletto Martins and Claro (2020) conducted research to identify the level to which advertising affects the sale of shopping items in Brazil. The research answered 4 study inquiries and tested three hypotheses. The participants of the research contained 450 proprietors of shopping products in Brazil. The whole population was assessed; therefore, no sample was chosen. Structured questionnaire including of 50 products was created and utilized for data gathering. The tool was face-validated by 4 specialists, two from universities of Brazil, Fluminense Federal University while the other two was from University of Sao Paulo. Cronbach Alpha technique of developing reliability was utilized to determine the inner uniformity of the instrument and this yielded a dependability coefficient of 0.80. A total amount of 450 copies of the questionnaire was dispersed to participants by the researcher and three study assistants. The information gathered were evaluated using mean score while t- test statistic was utilized to test the three null hypotheses at 0.05 level of significance. The results of the research exposed that making use of different advertising and display of shopping products in strategic places in the shop affects consumers to purchase. According to the results of the research and final thoughts drawn, the researcher suggested that proprietors of shopping products need to always execute correct timing when marketing their items.

Jegade (2022) reported that advertising increases the sales revenue of an organization. The level of competition has been stiff. The number of companies selling similar products increases the competition level. Thus, poor marketing stratifies can lead to losses and poor financial performance. The study found that advertising positively and significantly affects sales growth. Organizations use advertisements to create awareness of their items and develop new items known to new and potential customers. The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume. Due to the market's competitive nature, managers of organizations should establish and develop marketing programs that will satisfy customers' needs. Firms should additionally utilize celebrities in the nation to help them advertise their products since this may draw in a large number of people. Organizations need to have policies and frameworks that support advertisement programs. The advertisement of the products should be done continuously if even the sales growth is increasing.

## RESEARCH METHODOLOGY

The study adopted the descriptive research design. The sample size was 381 employees who were picked from the organization. The collection of the data was done using questionnaires. The analysis was done using descriptive and inferential statistics.

## FINDINGS

The findings included the correlation and regression results. The discussions of the findings were done in-depth to show their relevance in the research.

### Correlation Analysis

The correlation analysis, which shows the movement of the variables, was conducted. The correlation results are presented in Table 1

**Table 1: Correlation Analysis**

		Sales Growth	Advertising
Sales Growth	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Advertising	Pearson Correlation	.523 **	
	Sig. (2-tailed)	0.000	0.000

The correlation results from Table 1 indicate that advertising is positively and significantly associated with sales growth ( $r=.523$ ,  $p=.000$ ). This concur with Othman, Harun, De Almeida and Sadq (2020) who noted that advertising has been credited for its contribution in raising sales through advertising. Organizations use advertisements to create awareness of their items and develop new items known to new and potential customers. The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume.

### Regression Analysis

This section consisted of model fitness, analysis of variance and regression of coefficient. The results presented in Table 2 show the model fitness

**Table 2: Model Fitness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523 a	0.312	0.298	0.011275

The results from Table 2 depicts that advertising was discovered to be satisfactory in explaining the sales growth. This was supported by the coefficient of determination, also known as the R square of 0.312. This implies that advertising explain 31.2% of the variations in sales growth.

**Table 3: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.41	1	30.41	201.46	.000b
	Residual	57.21	379	0.151		
	Total	87.62	380			

The results in Table 3 indicate that the overall model was statistically significant. The results show that advertising is good predictor in explaining the sales growth. This was supported by an F statistic of 201.46 and the reported p-value of 0.000 which was less than the conventional probability significance level of 0.05.

**Table 4: Regression of Coefficient**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.512	0.049		10.55	0.017
Advertising	0.754	0.183	0.651	4.121	0.008



Based on the presented in Table 4, it was noted that advertising is positively and significantly related to sales growth ( $\beta=0.754$ ,  $p=0.008$ ). This was supported by a calculated t-statistic of 4.121 that is larger than the critical t-statistic of 1.96. The findings indicated that when the advertising increases by one unit, the sales will increase by 0.754 units while holding other factors that influence sales constant. Olayinka (2020) advertisements on television have significantly promoted sales of items. Organizations use advertisements to create awareness of their items and develop new items known to new and potential customers. The advertising is designed to influence and alter consumers' behaviors by encouraging consumerism, particularly switching from one brand to another or staying faithful to the one they presently consume.

## CONCLUSION

The study concluded that advertising significantly influences a product's sales growth. The advertisements can increase the customer base based on the persuasion language used. Companies have to remain known to the public to increase their sales. Good advertising needs qualified workers involving several experts to enable it to grow in the rapidly changing and competitive business market. Due to the market's competitive nature, the advertising manager of soft drinks must establish and develop marketing programs that will please the customers' needs.

## RECOMMENDATIONS

The study recommends that Coca-cola and other soft drink companies continue with the advertisements. Due to the market's competitive nature, managers of organizations should establish and develop marketing programs that will satisfy customers' needs. Firms should additionally utilize celebrities in the nation to help them advertise their products since this may draw in a large number of people. Organizations need to have policies and frameworks that support advertisement programs. The advertisement of the products should be done continuously if even the sales growth is increasing.

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