



“IMPACT OF ADVERTISING MANAGEMENT ON FIRM’S PERFORMANCE: A COMPARATIVE STUDY BETWEEN HINDUSTAN UNILEVER LTD. AND DABUR INDIA LTD.”

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Abstract:

This study analysis the impact of advertising on firm’s performance in terms of sales and profitability. Two companies are taken for the study viz. Hindustan Unilever Limited and Dabur India Limited. Descriptive research design and secondary data is used for the study. Regression and ANOVA are used for data analysis. It is concluded from the study that advertising has an ultimate effect on performance of HUL but not impactful for Dabur India Limited. It is suggested that to increase the effectiveness of advertising, focus should be on design and creativity of advertisement. Also, there are number of other factors which is responsible for the company’s performance.

Keywords: Advertising, Performance, Hindustan Unilever Ltd, Dabur India Ltd, Sales, Revenue/ Profit.

Introduction:

Advertising is the greatest weapon that is used by the firm in this competitive edge across the world. Importance of Advertising is increasing day by day. It has become most important tool to promote and market goods, services and ideas and used as most important tool all over the world. Advertising is used for numbers of purpose example creating demands of product and services, educating the end users, to survive in cut throat global competition, to increase the market share, etc.

After Liberalization, Privatization and Globalization of Indian economy, Indian companies and other foreign companies were able to access each other’s market easily, due to which the advertising has become more important than earlier. Since economic reforms 1991, advertising is playing inevitable role not only in private companies but also central government and state government are using

advertising to promote and aware the public about various government schemes. So, nowadays everyone who wants to sell their product and services is using advertising on large scale.

As awareness is growing among the people and lifestyle is changing day by day and it also becomes easier to access the variety of products with minimum efforts, these all are become the main reasons of continuous growth of the sector. Fast-moving consumer goods (FMCG) sector is India's fourth-largest sector with household and personal care accounting for 50% of FMCG sales in India.

I want to study the impact of advertising on performance of Hindustan Unilever Ltd & Dabur India Ltd.

HINDUSTAN UNILEVER LIMITED (HUL)

It was founded in 1933. Its predecessors are Hindustan Vanaspati Manufacturing Company (1931–1956), Lever Brothers India Limited (1933–1956) and United Traders Limited (1935–1956). These three companies were merged into Hindustan Lever Limited (1956–2007). The company was renamed in June 2007 as **Hindustan Unilever Limited**.

It is the market leader in Indian consumer products with over 700 million Indian consumers using its products. HUL is a subsidiary of Unilever, one of the world's leading suppliers of Food, Home Care, Personal Care and Refreshment products with sales in over 190 countries and an annual sales turnover of €51 billion in 2020.

DABUR INDIA LIMITED

Dabur India Ltd., an Indian multinational consumer goods company, headquartered in Ghaziabad, Uttar Pradesh, founded in 1884 by S. K. Burman, a physician from Bengal. Being fourth largest FMCG Company in India with Revenues of over Rs. 9,500 Crore & Market Capitalization of over Rs 100,000 Crore, has become the most trusted company of India and world's largest Ayurvedic and Natural Health Care Company.

Literature Review:

1. **Abdullahi, Dauda** (2014) had studied on "Assessment of Advertising on the Sales Revenue and Profitability of Nigerian Bottling Company Plc" and found that Advertising is considered as one of the most important medium of communication. It influences the company's performance in different ways. But advertising is not the only factor which affects the company's performance. Other factors or say other tools such as; sales promotion, personal selling, publicity etc. are also important and play a crucial role in increasing sales, revenue and profitability. It was recommended that these factors should also be considered.
2. **Agbeja, Oyedokun, Adelokun, O.J., Akinyemi, Daramola** (2015) had studied on "Analysis of the Effect of Advertising on Sales and Profitability of Company" and found that if any firm do expenditure on advertising then it will definitely affects its sales and profitability i.e. there exists a significant relationship between marketing expenses and profitability of the firm and also between turnover and

marketing expenses of the firm.

3. **Alexa B. Burmester, Jan U. Becker, Harald J. van Heerde and Michel Clement** had studied on "The impact of pre- and post-launch publicity and advertising on new product sales" and found that if we talk about pre-launch then publicity is more effective than advertising but if we talk about post-launch then it gets reversed i.e advertising is more effective than publicity.

4. **ASIIMWE MONICA** (2015) had studied on "THE IMPACT OF ADVERTISEMENT ON SALES PERFORMANCE OF INSURANCE COMAPANIES IN UGANDA: A CASE OFRIO INSURANCE COMPANY LIMITED" and they also found the same thing i.e. the relationship between advertising and sales is very strong.

5. **B. Subha** (2020) had studied on "Social Media Advertisement and its Effect in Sales Prediction - An Analysis" and found that YouTube advertising expenses affects the sales of the firm and there exists an important relationship between both.

Research methodology:

Objective of Study:

To know the impact of advertising on firm's sales and profitability (Hindustan Unilever Ltdand Dabur India Ltd).

Scope of the study:

- 1) This study will be helpful to the researchers in further research.
- 2) This study will be helpful to the companies to understand how advertising expensesaffect the sales/revenue of the companies.

Research design:

I have used descriptive research design.

Data source:

I have used secondary data for the study.

Sampling Design:

I have chosen non- probability sampling design.

Sample Size:

I have taken two companies as sample i.e. Hindustan Unilever Ltd. and Dabur India Ltd.

Sampling Method:

I have used Convenient Sampling method.

Limitations of the study:

- 1) I have taken data of only 10 years.
- 2) I have taken only two companies as sample for the study.
- 3) I have analyzed the impact of advertising on performance of Indian company only.

Data Analysis:

Table 1.1: Net sales/ income from operations and advertising expenses/ admin. and selling expenses of Hindustan Unilever Limited

Values are in Rs Cr

| HINDUSTAN UNILEVER LIMITED | | |
|----------------------------|---|--|
| YEAR | NET SALES/ INCOME FROM OPERATIONS | ADVERTISING EXPENSES/ ADMIN.AND SELLING EXPENSES |
| 2011-12 | 21,154.30 | 2,634.78 |
| 2012-13 | 25,206.38 | 3,231.88 |
| 2013-14 | 26,336.66 | 3,613.60 |
| 2014-15 | 30,170.50 | 3,874.94 |
| 2015-16 | 30,499.00 | 3,600.00 |
| 2016-17 | 31,298.00 | 3,470.00 |
| 2017-18 | 33,926.00 | 4,105.00 |
| 2018-19 | 37,660.00 | 4,552.00 |
| 2019-20 | 38,273.00 | 4,686.00 |
| 2020-21 | 45,311.00 | 4,737.00 |

Source : Company Annual Reports

Figure 1.1: Net sales/ income from operations and advertising expenses/ admin. and selling expenses of Hindustan Unilever Limited

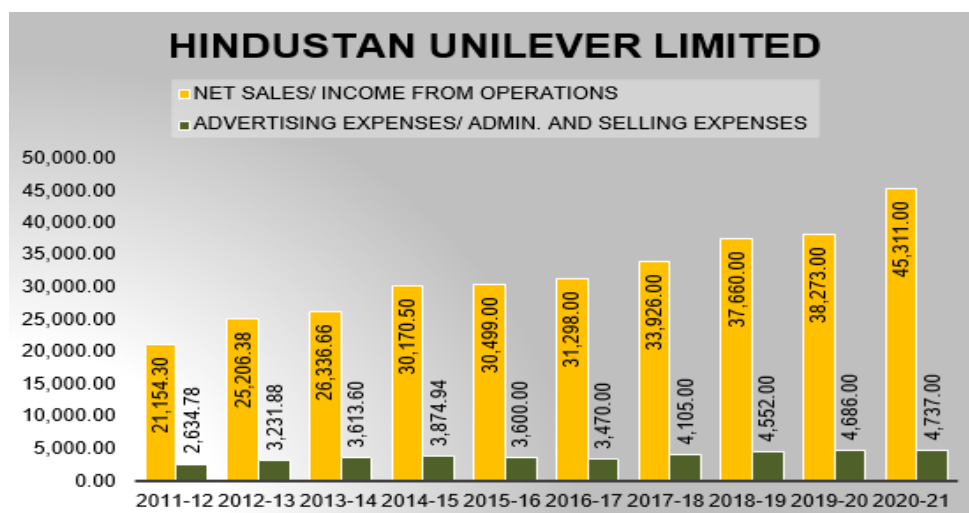


Table 1.2: Net sales/ income from operations and advertising expenses/ admin. and selling expenses of Dabur India Limited

Values are in Rs Cr

| DABUR INDIA LIMITED | | |
|---------------------|---|--|
| YEAR | NET SALES/ INCOME FROM OPERATIONS | ADVERTISING EXPENSES/ ADMIN.AND SELLING EXPENSES |
| 2011-12 | 3,757.54 | 397.66 |
| 2012-13 | 4,349.39 | 502.37 |
| 2013-14 | 4,870.08 | 581.11 |
| 2014-15 | 5,431.28 | 646.54 |
| 2015-16 | 5,750.00 | 475.78 |
| 2016-17 | 5,369.84 | 418.03 |
| 2017-18 | 5,609.06 | 461.95 |
| 2018-19 | 6,273.19 | 490.75 |
| 2019-20 | 6,309.80 | 514.26 |
| 2020-21 | 7,184.73 | 643.50 |

Source: Company Annual Reports

Figure 1.2: Net sales/ income from operations and advertising expenses/ admin. and selling expenses of Dabur India Limited

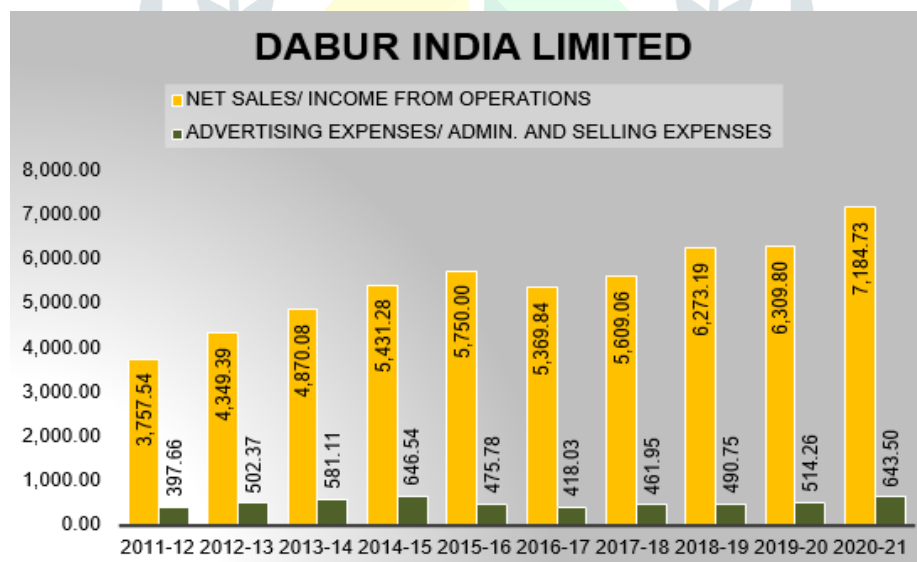


Table 1.3: Trend of Net sales/ income from operations : Hindustan Unilever Limited

| HINDUSTAN UNILEVER LIMITED | | |
|----------------------------|-----------------------------------|--------|
| YEAR | NET SALES/ INCOME FROM OPERATIONS | TREND |
| 2011-12 | 21154.30 | 100.00 |
| 2012-13 | 25206.38 | 119.15 |
| 2013-14 | 26336.66 | 124.50 |
| 2014-15 | 30170.50 | 142.62 |
| 2015-16 | 30499.00 | 144.17 |
| 2016-17 | 31298.00 | 147.95 |
| 2017-18 | 33926.00 | 160.37 |
| 2018-19 | 37660.00 | 178.03 |
| 2019-20 | 38273.00 | 180.92 |
| 2020-21 | 45311.00 | 214.19 |

Source: Company Annual Reports

Figure 1.3: Trend of Net sales/ income from operations: Hindustan Unilever Limited

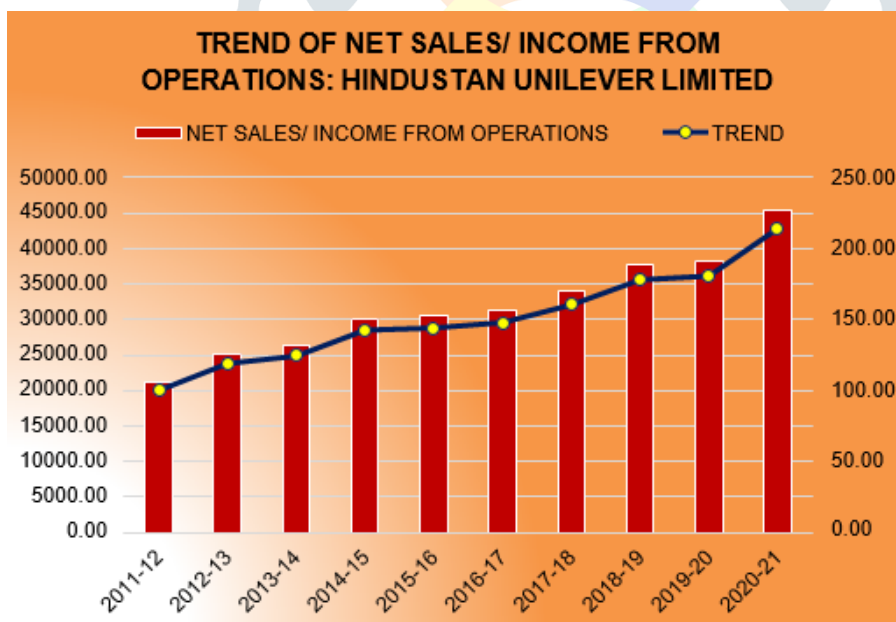


Table 1.4: Trend of advertising expenses/ admin. and selling expenses : Hindustan Unilever Limited

| HINDUSTAN UNILEVER LIMITED | | |
|----------------------------|---|--------|
| YEAR | ADVERTISING EXPENSES/ ADMIN. AND SELLING EXPENSES | TREND |
| 2011-12 | 2634.78 | 100.00 |
| 2012-13 | 3231.88 | 122.66 |
| 2013-14 | 3613.60 | 137.15 |
| 2014-15 | 3874.94 | 147.07 |
| 2015-16 | 3600.00 | 136.63 |
| 2016-17 | 3470.00 | 131.70 |
| 2017-18 | 4105.00 | 155.80 |
| 2018-19 | 4552.00 | 172.77 |
| 2019-20 | 4686.00 | 177.85 |
| 2020-21 | 4737.00 | 179.79 |

Source : Company Annual Reports

Figure 1.4: Trend of advertising expenses/ admin. and selling expenses : Hindustan Unilever Limited

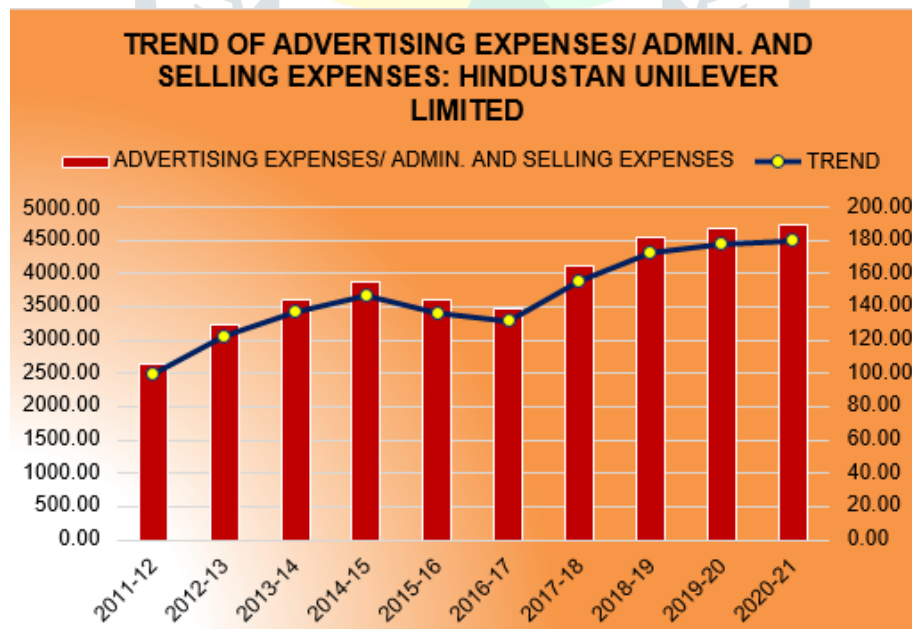


Table 1.5: Trend of Net sales/ income from operations : Dabur India Limited

| DABUR INDIA LIMITED | | |
|---------------------|-----------------------------------|--------|
| YEAR | NET SALES/ INCOME FROM OPERATIONS | TREND |
| 2011-12 | 3757.54 | 100.00 |
| 2012-13 | 4349.39 | 115.75 |
| 2013-14 | 4870.08 | 129.61 |
| 2014-15 | 5431.28 | 144.54 |
| 2015-16 | 5750.00 | 153.03 |
| 2016-17 | 5369.84 | 142.91 |
| 2017-18 | 5609.06 | 149.27 |
| 2018-19 | 6273.19 | 166.95 |
| 2019-20 | 6309.80 | 167.92 |
| 2020-21 | 7184.73 | 191.21 |

Source: Company Annual Reports

Figure 1.5: Trend of Net sales/ income from operations : Dabur India Limited

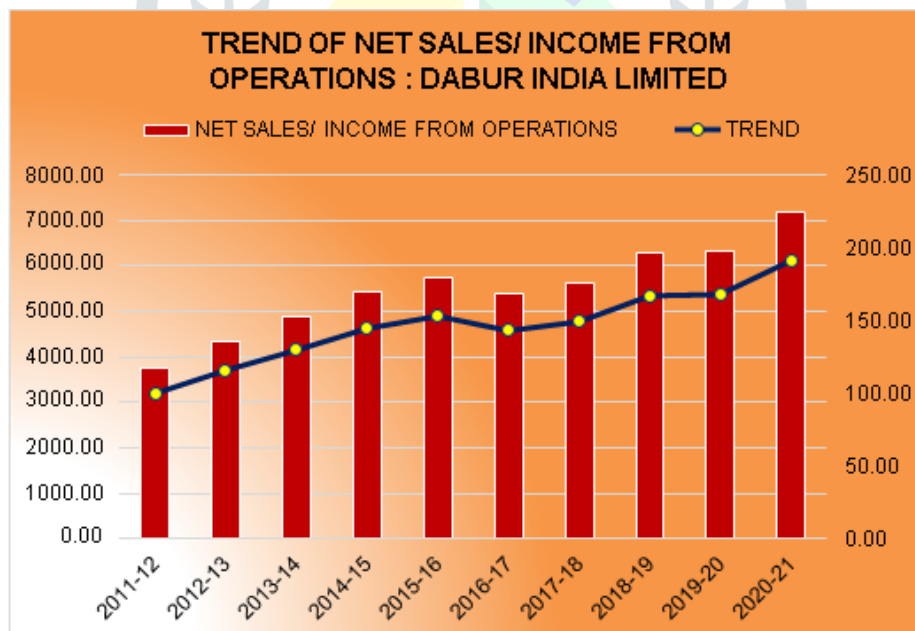


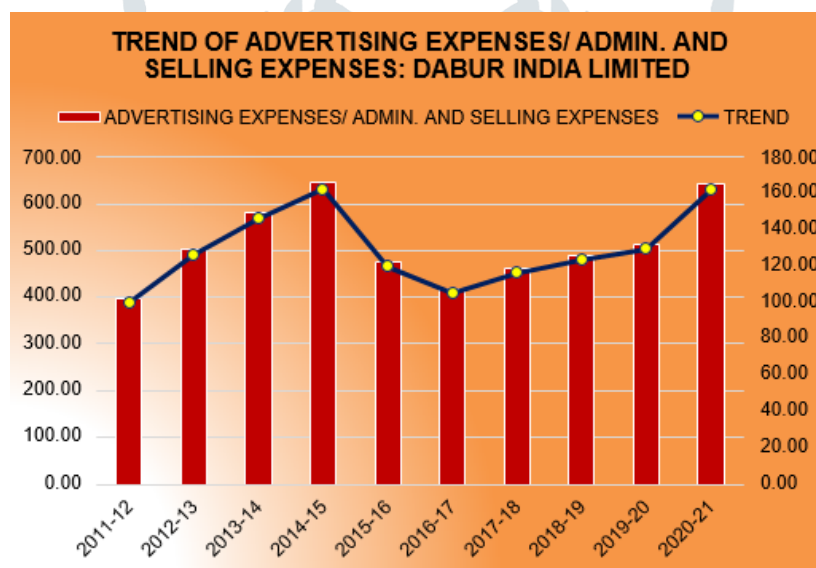
Table 1.6: Trend of advertising expenses/ admin. and selling expenses : Dabur India Limited

| DABUR INDIA LIMITED | | |
|---------------------|------------------------------|-------|
| YEAR | ADVERTISING EXPENSES/ ADMIN. | TREND |

| | AND SELLING EXPENSES | |
|---------|-------------------------|--------|
| 2011-12 | 397.66 | 100.00 |
| 2012-13 | 502.37 | 126.33 |
| 2013-14 | 581.11 | 146.13 |
| 2014-15 | 646.54 | 162.59 |
| 2015-16 | 475.78 | 119.64 |
| 2016-17 | 418.03 | 105.12 |
| 2017-18 | 461.95 | 116.17 |
| 2018-19 | 490.75 | 123.41 |
| 2019-20 | 514.26 | 129.32 |
| 2020-21 | 643.50 | 161.82 |

Source: Company Annual Reports

Figure 1.6: Trend of advertising expenses/ admin. and selling expenses : Dabur India Limited



INTERPRETATION

Based on the above tables it is concluded that,

HINDUSTAN UNILEVER LIMITED

- During the year 2020-21 Hindustan Unilever Limited has generated highest netsales/ income from operations against advertising expenses/ admin. and selling expenses.
- Lowest net sales/ income from operations has been observed during the beginning of the study period i.e. 2011-12.
- Year over year Hindustan Unilever Limited spending more amount for advertising expenses/ admin. and selling expenses which result increasing net sales year over year.

- In year 2020-21 Hindustan Unilever Limited has spent highest amount of advertising expenses/ admin. and selling expenses.
- Lowest advertising expenses/ admin. and selling expenses operations has been observed during the beginning of the study period i.e. 2011-12.

DABUR INDIA LIMITED

- During the year 2020-21 Dabur India Limited has generated highest net sales/ income from operations against advertising expenses/ admin. and selling expenses.
- Lowest net sales/ income from operations has been observed during the beginning of the study period i.e. 2011-12.
- Year over year Dabur India Limited spending more amount for advertising expenses/ admin. and selling expenses which result increasing net sales year over year.
- In year 2020-21 Dabur India Limited has spent highest amount of advertising expenses/ admin. and selling expenses.
- Lowest advertising expenses/ admin. and selling expenses operations has been observed during the beginning of the study period i.e. 2011-12.

1. IMPACT OF ADVERTISING EXPENSES/ ADMIN. AND SELLING EXPENSES ON NET SALES/ INCOME FROM OPERATIONS IN CASE OF HINDUSTAN UNILEVER LIMITED

SUMMARY OUTPUT

| <i>Regression Statistics</i> | | | | | | |
|------------------------------|--|----------|--|--|--|--|
| Multiple R | | 0.938639 | | | | |
| R Square | | 0.881043 | | | | |
| Adjusted R Square | | 0.866174 | | | | |
| Standard Error | | 2598.872 | | | | |
| Observations | | 10 | | | | |

| <i>ANOVA</i> | | | | | | |
|--------------|-----------|-------------|-----------|----------|-----------------------|--|
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | |
| Regression | 1 | 400191289 | 400191289 | 59.2513 | 5.76E-05 | |
| Residual | 8 | 54033085.62 | 6754135.7 | | | |
| Total | 9 | 454224374.6 | | | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> |
|--------------|---------------------|-----------------------|---------------|----------------|------------------|------------------|
| Intercept | -5757.01 | 4971.364942 | -1.158035 | 0.280251 | -17221 | 5706.974 |
| X Variable 1 | 9.801403 | 1.273325157 | 7.6974863 | 5.76E-05 | 6.86511 | 12.7377 |

H₀: There is no impact of advertising expenses/ admin. and selling expenses on net sales/ income from operations in case of Hindustan Unilever Limited

H₁: There is impact of advertising expenses/ admin. and selling expenses on net sales/income from operations in case of Hindustan Unilever Limited

INTERPRETATION

Multiple R is the absolute value of the correlation coefficient between the two variables. A value of correlation coefficient is 0.938 in this case indicates a strong linear correlation between sugarcane crushed on production of sugar. Significance F value is lower than 0.05, which suggests that in this case null hypothesis is rejected which means there is impact of advertising expenses/ admin. and selling expenses on net sales/ income from operations in case of Hindustan Unilever Limited.

Equation:

Net sales/ income from operations = 9.801* advertising expenses/ admin. and selling expenses -5757.01

2. IMPACT OF ADVERTISING EXPENSES/ ADMIN. AND SELLING EXPENSES ON NET SALES/ INCOME FROM OPERATIONS IN CASE OF DABUR INDIA LIMITED

SUMMARY OUTPUT

| <i>Regression Statistics</i> | |
|------------------------------|----------|
| Multiple R | 0.470051 |
| R Square | 0.220948 |
| Adjusted R Square | 0.123567 |
| Standard Error | 933.2599 |
| Observations | 10 |

| ANOVA | | | | | |
|------------|-----------|-------------|-----------|----------|-----------------------|
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
| Regression | 1 | 1976145.756 | 1976145.8 | 2.268892 | 0.170417 |
| Residual | 8 | 6967791.599 | 870973.95 | | |
| Total | 9 | 8943937.356 | | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> |
|--------------|---------------------|-----------------------|---------------|----------------|------------------|------------------|
| Intercept | 2691.351 | 1881.596633 | 1.430355 | 0.190489 | -1647.62 | 7030.321 |
| X Variable 1 | 5.45434 | 3.621056256 | 1.5062841 | 0.170417 | -2.89583 | 13.80451 |

H₀: There is no impact of advertising expenses/ admin. and selling expenses on net sales/ income from operations in case of Dabur India Limited

H₁: There is impact of advertising expenses/ admin. and selling expenses on net sales/income from operations in case of Dabur India Limited

INTERPRETATION

Multiple R is the absolute value of the correlation coefficient between the two variables. A value of correlation coefficient is 0.470 in this case indicates a strong linear correlation between sugarcane crushed on production of sugar. Significance F value is higher than 0.05, which suggests that in this case null hypothesis is accepted which means there is no impact of advertising expenses/ admin. and selling expenses on net sales/ income from operations in case of Dabur India Limited.

FINDINGS:

Based on the HINDUSTAN UNILEVER LIMITED

- During the year 2020-21 Hindustan Unilever Limited has generated highest net sales/income from operations against advertising expenses/ admin. and selling expenses.
- Lowest net sales/ income from operations has been observed during the beginning of the study period i.e. 2011-12.
- Year over year Hindustan Unilever Limited spending more amount for advertising expenses/ admin. and selling expenses which result increasing net sales year over year.
- In year 2020-21 Hindustan Unilever Limited has spent highest amount of advertising expenses/ admin. and selling expenses.
- Lowest advertising expenses/ admin. and selling expenses operations has been observed during the beginning of the study period i.e. 2011-12.

DABUR INDIA LIMITED

- During the year 2020-21 Dabur India Limited has generated highest net sales/ income from operations against advertising expenses/ admin. and selling expenses.
- Lowest net sales/ income from operations has been observed during the beginning of the study period i.e. 2011-12.
- Year over year Dabur India Limited spending more amount for advertising expenses/admin. and selling expenses which result increasing net sales year over year.

- In year 2020-21 Dabur India Limited has spent highest amount of advertising expenses/admin. and selling expenses.
- Lowest advertising expenses/ admin. and selling expenses operations has been observed during the beginning of the study period i.e. 2011-12.

Suggestions:

To make advertising impactful in the long run as well as short run, marketers should be aware about heterogeneity in customer's choice, preference, demographic features, economic features, socio-culture features etc. They should design an advertisement in an engaging, entertaining, more informative, and attractive and creative way, i.e. short, simple and easily understandable. There must not be any false content and overloading of information which confuses the buyers.

Conclusion:

Long-term brand management advertising increases sales and profitability over the long run as compared to short-term sales promotions. Advertising acts as a value-added service, aimed to reduce the product's price and maintain high quality. When price decreases, demand rises keeping other parameters constant. It's possible that you'll sell more units but it's also possible that you won't see an increase in total revenue. The relationship between advertising, sales and profits is positive. Sometimes, advertisement costs are considered as a waste of money, but in return it increases overall turnover and profit of the organizations. It is a strategy used by small to big organizations to boost sales, earnings, and the value of their company by using the power of advertising.

Overall advertising is very effective to increase the overall sales and revenue of the company but to make it more effective, it should be designed in such a way which can influence the consumers to buy the product and services and to retain the customers.

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