Financial ADs Intervention on Investors' Investment Behaviour

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Abstract

Advertisement is considered one of the best practices any corporate follows to create publicity among the targeted audience. When a company floats its shares in the market there may be a need for advertisements to create publicity. Though standard finance theories state that investors' decisions are always rational, emotional advertisements could tempt them to land a biased decision called 'ad bias'. The present study examines that and the outcome of the study highlights that investors are least influenced by ad bias. However, a significant difference between day traders and long-term investors on company information and telecast captivity factor is established. When it comes to novice and experienced investors a significant difference is established between them on company, sustainability and on expected lines, past experience factors.

Keywords: Ad Bias, Advertisement, Informational ad, Marketing, and Stock market

JEL Classifications: G02, G14, M31, D83, G11

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1. Introduction

Consumers are considered the uncrowned 'Market King' and the success of any business, be it small or big, is based on the strength of its consumers and how well they are maintained. There are instances where a product or service offered failed despite being good and useful, primarily due to public awareness or advertisement. Hence, one of the prime tasks of any business is to make the public aware of the products or services offered and make them realize the need. The best way to publicize a product or service is through advertisement.

Most companies' secret of success is advertisement because it is the marketing communication strategy that informs the public, reminds them, and tempts them to buy the product or service. A good advertisement can create awareness and teach the public about the uses and benefits of a new product or service and entice them to purchase the products. Hence, companies generally advertise their products or services as a part of sales promotion by giving publicity to make the brand familiar (Bobinski and Ramirez, 1994). Thus, if an advertisement reaches the prospective consumers or targeted audience, the firm can enjoy the maximum customer base and reap massive profits in the long run. Every small to big businesses rely on ads to build their customer pool and make their brand famous. Though ads may look a little bit expensive particularly celebrity ads from an angle, the extra mileage it provides for the sales of the product and building the brand tempts businesses to advertise their products/services on various platforms (Aaker & Myers, 1982). Even when ads give publicity to their products, the ad's success mainly depends on how much the ads attract the consumer and continue to induce the purchase of products or accept the services offered. This may happen only when it is advertised in the right media by giving an idea about what the product is, and in what way it is useful, creating brand familiarity and the ability to remember the product among the consumers. Advertisers try not only to target the rational mind of the consumers but also to tempt them emotionally to purchase their offered products or services (Edell and Burke, 1987; Machleit and Wilson, 1988; Allen and Madden, 1989).

Some organisations used advertisements to inform their customers about vacancies and recruitment in them. Researchers, of late, opined that ads could also be useful in building a brand image that investors can be tempted to invest in them (Beatty and Ritter, 1986; Bobinski & Ramirez, 1994; and Keller et al. 1998). This insight encouraged many researchers to examine this area and one of the important findings in this area is, good ads can attract investors and induce them to invest in their company, and if this happens, it will boost the firm's value (Barber and Odean, 2008).

Traditionally, investors' investment decisions are guided by the theories of standard finance models that predict the expected stock price and risks. These traditional finance theories are built on the assumption that all investors are rational in their decisions (Fama, 1965; Malkiel, 2003; Ganesh et al., 2017). However, with the birth of behavioral finance models, studies have proved that investors' decisions are not always rational and may even fail to exploit the irrational choices made by other investors because of the biased decisions (French and Roll, 1986). When comes to investment decisions of investors, they often invest in companies that are having a good reputation on the assumption that it is safe and provide good returns (Fombrun and Shanly, 1990). But such kind of decision-making may end up difficult for new business firms in raising funds from prospective investors (MacGregor, 2000 and Shefrin, 2001). This tempts them to depend on advertising for creating brand awareness and building a reputation to attract investors. A good ad filled with feelings or emotions could influence the investors' rational minds. Such a kind of effect is called ad bias. When emotional content in ads overrules the rational motive, decisions at times may be under the influence of ad bias (Ganesh et al. 2021). This theory advocates injecting excessive emotional content which may give a sudden increase in sales but it may not be sustainable and sustenance can be achieved only when ads focus on injecting the use and need of the product into the rational brain of the viewers. Thus, when the ad bias starts to play in the mind of investors, it means the ad drives the investor's decision-making by overruling the rational brain of the investor, and they tend to invest in those stocks. The present study examines the difference in the level of ad bias in investment behavior among traders and investors.

The remaining part of the manuscript is designed as: The second part of the study describes the research background and related past research, followed by the theoretical framework in section 3. The research methodology and hypothesis are explained in sections 4 and 5, while the results and discussion are in section 6. Section 7 of the paper is about the conclusion of the study.

2. Background and Literature Review

In earlier days, advertisements were mainly used to provide publicity and make their products familiar to prospective customers (Johnson, 1952). As the public has a tendency to avoid watching advertisements, business firms failed to attract customers to their products or services (Lu et al. 2022). Research in advertising developed a personalised advertisement strategy meaning sending advertisements to the consumers in a tailor-made fashion by understanding each one's tastes and preferences. But such kind of advertisement may also affect the privacy of the person as the advertising agents collect and use many consumers' information (Boerman and Smit, 2023). Most of the customers who receive ads that interest them are frequently concerned about privacy issues (Youn and Kim, 2019; Morimoto, 2021). Many studies on breaching privacy aspects have shown a tendency among customers to create negative feelings in themselves because of the doubt about breaching their privacy (Ham, 2017). But these negative feelings can be corrected by creating trust in the firm (Jung and Heo, 2022). Moreover, these personalised advertisements can create new customers and attract investors to become shareholders of companies, these types of advertising are termed financial relation advertising (Lavidge and Steiner, 1961). Financial relation advertising is effective in its objective of attracting investors to join as their shareholders and the price of stocks always has a positive outcome irrespective of whether an advertisement produces new significant information or not. Moreover, prospective investors, present shareholders, and market analysts will always seek new important information (Krugman, 1965).

In the field of finance, most investment decisions are backed exclusively by their risk and return trade-off because any investment made is on the expectation of future cash flows (Fama, 1970). A change in stock price is mainly due to new and relevant information. So if a stock price has to increase due to financial-relation advertisement significant favourable information should be communicated through it. At the same time, there is a positive effect even when financial relation advertisement does not convey any new message to the prospective investors, at few instances (Ross, 1977). If ad content can be strong enough, by being aggressive and enhancing reputation, a positive signal can be produced (Garbet, 1981). In contrast, investors already possess new rational information from less biased sources so even when financial relation advertisement conveys new information, they do not produce a significant change in the stock price.

The relationship between the disclosure of information in advertisements of financial products and the price quoted by investors has been tested. The result showed that investors are better informed and quote more realistic prices (Rock, 1986). Even if the corporate advertisements succeed in attracting prospective investors it will induce them to investigate the company but not significantly change the market trend and stock price (Botwinick, 1984). This was also supported by a study focusing on the difference among individual investor's expectations (Karpoff, 1987). If the whole market must react in the same way, new information must be available to the entire market. Flaws in research design were also pointed out in supporting corporate advertising; those studies ignored potential stock volume effects and only impacted the stock price (Schumann et al. 1991). A study also proved that financial relational advertisements can change the investor's expectations but are incapable of changing their market view (Bobinski and Ramirez, 1994). Well-built financial relation ads attract more investors to the company, by way of increasing the expectations about the company, which finally results in a significant increase in volume (Finn, 1988). The ads of firms which are lacking information disclosure mostly exhibit a tendency to under-pricing of shares (Clarkson and Merkley, 1994; Leone et al., 2007; Ljungqvist and Wilhelm, 2007; Hanley and Hoberg, 2010). The relevance of financial ads acts as a key reason for ad's success, especially in financial services (Warren, 2008). Informational ads create a more positive reaction from the targeted audience than emotional ads (Lee et al. 2011).

Financial advertisements in the marketing of mutual funds revealed how the usefulness of information not only led to the success of the products but also increased trustworthiness among investors (Huhmann and Bhattacharyya, 2005). Counter intuitive there is the conventional school that says investment decisions are highly influenced by the experience of an investor (Kengatharan and Kengatharan, 2014). The influence of ads in taking ethical decisions of investors in North America is analysed and the empirical results pointed out that though some sort of ad influence exists but not considered a significant one (Cowton, 1992).

Previous studies discussed earlier can be divided into two; One group belongs to the advertising school of thought which supports financial relational advertisement and the other School of Financial

Theory. The present study examines investors' investment behavior or attitude toward the influence of advertising in their decisions. The study also tests whether there is any difference in this behavior among investors' experience (experienced and novice) and the type of investors (traders and investors), which was not explored ever before.

3. Theoretical Framework

The market price of a share is based mainly on demand and supply from prospective investors. To create this demand among investors, companies have to plan their strategies and make them aware that investing in their stocks is wise and at the same time create enough publicity to make them familiar with the company. Past studies proved that highly reputed companies have a huge demand for shares issued by the company (Fombrun and Van, 2004). Unfortunately, new companies and those who do not have a big reputation in society do not create a big demand for the shares they float in the market. They mostly rely on advertisement as an accessible mode to capture the extra mileage of publicity (Kim and Morris, 2003). Belo et al. (2014) proved brand capital and stock return have a positive relationship and one best way to build brand capital is through advertisement. Brand capital is a significant factor in assessing the credit rating of a firm as it captures both financial & non-financial information (Hasan and Taylor, 2022). Thus, a strong theoretical framework has been established based on the argument that advertisement has a vital role in building brand familiarity and decision-making about investment-related activities (Md Husin et al. 2023). Though advertisements play a significant role in brand familiarity among consumers and investors, standard finance theories suggest that ignoring the results of fundamental and technical analysis will lead to irrational or biased decisions, especially when the ads are filled with wrong or misleading information. The bias resulting from the influence of such ads is called ad bias.

Advertisements that are aimed at creating reputation and publicity among prospective investors need to highlight the disclosure of company information that attracts investors to invest in their shares (Beatty and Ritter, 1986; Huhmann and Bhattacharyya, 2005). Hence, the current study considers disclosure of company information such as prospects of the company for the year, growth information, benefits of investment (to name a few) by keeping 'Company Information' as one of the constructs.

The advertisement's informational influence factor highlighted a significant role in demand creation from the investors' perspective in share subscription decisions (Hanle and Hoberg, 2010). Thus, the informative influence factor containing other than company information but helpful for decision-making has been considered as another factor or construct in the study.

For the success of an advertisement, the information disseminated in an ad must be useful. It has been proved that the helpfulness of information given in an advertisement increased share trading (Bobinski and Ramirez, 1994). If an advertisement fails to get the attention of the stakeholders, the usefulness and content of information will not reach the targeted audience (Ha and McCann, 2008). Thus, telecast captivity is considered as a factor in the study.

The relationship between sustainable performance and financial performance is positive (Moneva and Ortas, 2008) therefore sustainability is taken as one of the factors in investors' perception of investment decisions. The goodwill of a company is proven to be one of the strong factors in influencing the investors' decisions and in building extra confidence (Chintagunta and Jain, 1992; Thepot, 1983; Fornell et al., 1985). It is considered as a critical competitive factor and advertisement enables goodwill formation and influences investors' decision-making (Nair and Narasimhan, 2006). Therefore, Goodwill is taken as a factor in this study.

It is often said that "experience is the best teacher" by Julius Caeser in De Bello Civile because prior experience helps manage future events better. The experience of an investor is proven to be an important aspect in differentiating the style of novice and experienced investment patterns (Campbel et al. 2014; Freund et al., 2013; Holm and Rikhardsson, 2008; Ming et al. 2016). Hence, experience is considered as a factor in the present study.

4. Research Methodology

The study employed a questionnaire for its primary data needs and a convenience sampling technique was used for data collection as the population is large and scattered around many places. The study is confined to 250 investors from selected parts of South India, visa vies Chennai, Bangalore, Coimbatore, Pondicherry, Karaikal, and parts of Kerala. The first section of the questionnaire is on the profile of respondents like gender, age, marital status, education, employment status and annual income. The second part of the questionnaire is designed to measure the investors' perception of advertisements on investment decision-making. The questions to measure this aspect are designed on a 5-point Likert scale ranging from strongly agree to strongly disagree on 30 statements. With the help of 50 respondents, a pilot study was carried out covering all age group categories, experience levels, and both investor types and from investors of both genders.

The reliability of the scales used for the study is measured by using Cronbach's Alpha test. Logical Validity is assessed with the help of academicians in marketing from the authors' institutions and experts from the field of advertisement-related works, making a total of 6 experts. Descriptive statistics like percentage analysis, average, and standard deviation are applied to analyze the descriptive information. Investors selected consist of day traders and long-term investors (based on investment frequency) with novice and experienced in terms of investment experience. Day traders hold the stock only for a short period and look at the price movement of the shares to sell the stocks when price increases and buy when price decreases. They hold the stock for a brief period only, whereas the long-term investors invest the money for a long period, say about years, and try to create wealth and earn dividends over the years. Less experienced investors are called novice investors, and investors with good investment experience are called experienced investors. In this study, the retail investors with less than a year of experience in trading securities are considered 'Novice' and more than a year as 'Experienced' (Min-Ming et al. 2016). The disparities in their perception among different groups are analysed using appropriate statistical tests such as t-test and (EFA) exploratory factor analysis along with rank analysis. Before venturing into the analysis Kolmogorov-Smirnov and Shapiro-Wilk statistical tests were applied to test whether the data are normally distributed. The reliability of the instrument has been examined with the help of Cronbach's Alpha.

5. Hypothesis

H01: Perception of novice and experienced investors do not exhibit a significant difference in investment behavior.

H02: Perceptions of day Traders and Long-Term Investors do not show a significant difference in investment behavior.

6. Results and Discussion

As discussed in the methodology, the study had designed a structured questionnaire to analyse the perception of the role of ads in investment decisions by collecting responses from the investors. A total of 250 respondents who are retail investors in the share markets are considered as a sample for the study. The gender profile of the respondents (who are investors) show that male investors comprise of 187 (74.8% of the sample) while female are 63 in number (25.2% of sample). A detailed demographical profile of investors is highlighted in table:1.

Table 1. DEMOGRAPHICAL PROFILE

Demography Profile	**Proportion in percent (%)**
Gender	
Transgenders	0
Women	25.2
Male	74.8
Total	100
Age wise Classification	
Below 20	8
20-40	32
40-60	30
60 and above	30
Total	100
Annual Income of Respondent	
Less than ₹ 2,50,000	40
₹ 2,50,000 to ₹ 5,00,000	38
₹ 5,00,000 to ₹ 10,00,000	15
₹10,00,000 and above	7
Total	100
Investment Experience	
Novice	29.2
Experienced	70.80
Total	100
Investor Type	
Day Trader	86
Long-Term Investor	14
Total	100

Source: Primary Data

Before going for a detailed analysis, normal distribution of data collected has to be tested along with testing of reliability, validity and sample adequacy test. The reliability of the instrument/scale is inspected using Crhonbach's Alpha of 0.866 for a final of 25 Likert scale items from the original 30 statements, which is above 0.7 (Hair et al. 2006; Kline, 1999) indicating the research instrument is consistent. Face or logical Validity is assessed as discussed in the methodology (with academicians and advertisement-related works). Thus, the scale will measure what it is intended to measure (perception of ads in investment decisions) without any discrepancies. For inspecting the normality distribution of the data, Kolmogrov-Smirnov and Shapiro-Wilk statistical tests, which assume the null hypothesis as data are normally distributed, have been used to test for the same and their results are summarised in table-2.

Table 2. TEST OF NORMALITY

Kolmogorov-Smirnov test		**Shapiro-Wilk test**	
Stats Value	Significance Value	StatsValue	Significance Value
0.058	0.200	0.988	0.146

Source: Primary Data

P-value of Kolmogorov-Smirnov test result shows p value of 0.200 and Shapiro–Wilk test result shows p value of 0.146; with both the values being greater than 0.05 null hypothesis of the tests are accepted indicating that data are normally distributed hence parametric tests can be applied.

KMO statistics, has been employed to assess the sampling adequacy, reported a p-value of 0.733 (above 0.05) hence the sample size of the study is adequate for EFA (Kaiser, 1974). This result denotes an adequate sample size to proceed further with EFA. To proceed with factor analysis, Bartlett's test also has to be considered for testing whether variables are related or unrelated. Here the null hypothesis assumes the variables considered are unrelated and the result produced a p-value less than 0.01, so the Ho is rejected stating variables are related or correlated and this signals a go-ahead with EFA.

The result of EFA starts initially with examining the values in the communalities which indicates the proportion of each variable's variance that the principal components can explain. The communality values range between 0.540 and 0.795 which is a positive indicator and the detailed outcome of communality values are highlighted in table: 3.

Table 3. SHOWING COMMUNALITY VALUES

Scale Items	Extracted Values
Scale Item 1	0.793
Scale Item 2	0.593
Scale Item 3	0.671
Scale Item 4	0.759
Scale Item 5	0.674
Scale Item 6	0.540
Scale Item 7	0.583
Scale Item 8	0.657
Scale Item 9	0.684
Scale Item 10	0.747
Scale Item 11	0.669
Scale Item 12	0.681
Scale Item 13	0.679
Scale Item 14	0.771
Scale Item 15	0.658
Scale Item 16	0.795
Scale Item 17	0.653
Scale Item 18	0.677
Scale Item 19	0.593
Scale Item 20	0.672
Scale Item 21	0.674
Scale Item 22	0.733
Scale Item 23	0.648
Scale Item 24	0.747
Scale Item 25	0.793

Source**:** Primary Data

Exploratory Factor Analysis found out the optimum number of factors as eight and these factors together explain 68.579% of the variance. The first factor, company information, is the most critical factor, which explains 15.353%. Varimax rotation is applied to minimize the complexity of the factor loadings to make the structure simpler to interpret. After rotation, eight factors are identified, and those eight factors together explain 68.579% of the overall. Table 4 summarizes the results of EFA.

Table 4. Result of Variance Explained

		Percentage Explained According to Varimax Rotation	
Factors	Total	Percentage of Variance	Cumulative Percentage
1	3.838	15.353	15.353
2	2.767	11.068	26.422
3	2.196	8.784	35.206
4	2.033	8.132	43.338
5	1.717	6.867	50.205
6	1.608	6.432	56.637
7	1.536	6.144	62.781
8	1.450	5.798	68.579

Source: Primary Data

The eight factors generated are named as company information, informational influence, Advertisement independent, Telecast Captivity, Company sustainability, Usefulness of information, Goodwill, and past experience, each with eigenvalues of more than 0.450 and explaining 15.353%, 11.068%, 8.784%, 8.132%, 6.867%, 6.432%, 6.144%, 5.798% of the variance respectively. Table 5 shows each Likert scale statement under each factor (construct) after Varimax Rotation and all the statements have a loading of more than 0.450 (Hair et al. 2006).

Table 5. RESULT OF VARIMAX ROTATION

Rotated Component Matrix								
	Component							
Scale	1 Comp. Info	2 Informational Influence	3 Ad Independent	4 Telecast Captivity	5 Comp Sustainability	6 Usefulness of Info	7 Goodwill	8 Past Experience
Scale Item 19	0.830							
Scale Item 17	0.769							
Scale Item 16	0.715							
Scale Item 21	0.702							
Scale Item 20	0.586							
Scale Item 23	0.504							
Scale Item 2		0.697						
Scale Item 1		0.695						
Scale Item 3		0.690						
Scale Item 8		0.478						
Scale Item 29			0.825					
Scale Item 28			0.744					
Scale Item 25				0.645				
Scale Item 24				0.627				
Scale Item 13				0.595				
Scale Item 10				0.481				
Scale Item 15					0.761			
Scale Item 14						0.682		
Scale Item 7						0.520		
Scale Item 6						0.459		
Scale Item 18						0.454		
Scale Item 11						0.778		
Scale Item 12							0.772	
Scale Item 22							0.458	
Scale Item 26								0.793

Source: Primary Data

The average perception of investors on each factor has been explained in table 6.

Table 6. INVESTOR’S DISCERNMENT TOWARDS DIFFERENT ASPECTS OF ADS

Factors Influencing Advertisement	Mean Score	Rank
Company Informat`ion	3.72	3
Informational Influence	3.32	7
Ad Independent	3.77	1
Telecast Captivity	3.56	5
Company Sustainability	3.74	2
Usefulness of Information	3.11	8
Goodwill	3.68	4
Past Experience	3.34	6

Source: Primary Data

Table 6 will help to understand the impact of advertisements on financial products. When the investors' perception is examined, the results point out that advertisement independence is the most influenced factor indicating less ‘ad bias’. But the factors, viz., company sustainability, company information, and goodwill, impact the investor’s decision-making. Financial Advertisement highlighting these factors is thus influencing the investors in their decision-making. Though the telecast captivity factor, which helps recall the brand or company name by the customers at ease, has been ranked fifth, its rating is above average. Past experience is ranked as sixth, followed by informational influence reflected in advertisement. The usefulness of the information is ranked as lowest, indicating that the informative part helping in decision-making is less covered in the ad, and the usefulness of the information revealed is so meagre. All this point out those investors are less influenced by financial ad bias.

The study further analyses the difference in investment behaviour among investment experience of investors by classifying them into novice and experienced investors. The retail investors with investment experience with less than one year are treated as a novice and are considered experienced investors with more than one year. It is often said that experience is the best teacher and when comes to investment the differences in the experience of investor plays a big role in diversification, disposition bias (Holm and Richardsson, 2008; Freund et al. 2013). In the sample, 29.2% are novice and 70.8% are experienced investors. In the study, the difference in the perception on advertisements influencing investment decisions between both groups (novice and experienced) is significant or not is tested by applying t-test.

H01: Perception of novice and experienced investors do not exhibit a significant difference in investment behavior

The detailed test results examining the investment behaviour of novice and experienced investors are displayed in table: 7.

Table 7. EXHIBITS THE DIFFERENCE IN INVESTMENT BEHAVIOUR OF NOVICE AND EXPERIENCED INVESTORS

Factor	Investment Experience	Mean	Standard Deviation	Result of t-test			
				H_0	t-stats	P-Value	H_0 Accepted or Rejected
Factor 1 Company Information	Novice	3.71	0.684	No significant mean difference	-0.930	0.926	Accepted
	Experienced	3.72	0.749				
Factor 2 Informational Influence	Novice	3.36	0.576	No significant mean difference	0.682	0.496	Accepted
	Experienced	3.30	0.554				
Factor 3 Ad Independent	Novice	3.69	0.722	No significant mean difference	-0.869	0.386	Accepted
	Experienced	3.81	0.817				
Factor 4 Telecast Captivity	Novice	3.51	0.486	No significant mean difference	-0.747	0.457	Accepted
	Experienced	3.58	0.617				
F5 Company Sustainability	Novice	3.98	0.874	No significant mean difference	2.302	**0.022**	**Rejected**
	Experienced	3.63	0.926				
F6 Usefulness of Information	Novice	3.11	0.608	No significant mean difference	-0.250	0.980	Accepted
	Experienced	3.11	0.685				
F7 Goodwill	Novice	3.67	0.543	No significant mean difference	0.078	0.938	Accepted
	Experienced	3.68	0.661				
F8 Past Experience	Novice	3.08	1.007	No significant mean difference	-2.382	**0.018**	**Rejected**
	Experienced	3.45	0.935				
Overall Investment Behaviour	Novice	3.52	0.261	No significant mean difference	-0.351	0.726	Accepted
	Experienced	3.54	0.341				

Source: Primary Data

Table-7 highlights company sustainability & past experience are the only two factors which show a significant difference at a 5% level among the perception of novice and experienced investors. The P value for overall behaviour is more than 0.05 so H01 is accepted for overall investment behaviour but when seen as individual factors it is less for two factors so rejected for those two factors alone. This implies a significant difference exists in the perception between novice and experienced investors concerning company sustainability and past experience factors. Novice relies more on company sustenance than experienced investors whereas experienced investors rely more on past experience than novice investors. Novices are less experienced investors who lack market experience so it is natural for them to rely more on substance than past experience which they lack whereas experienced investors are seasoned players who have seen the market more so they rely more on experience than sustenance. This could be the reason for the difference that was established among the investment behaviour factors.

The mean scores of experienced investors on all parameters, except for company sustainability and usefulness of information, are higher than or equal to novice ones. In the case of the usefulness of information, both have a similar perception, but novice investors have a more positive attitude on company sustainability.

The study also inspects the difference in investment behaviour between day traders and investors. Day traders will hold the share for a short period trade frequently and look for speculative profit. Investors who look for long-term profit will tend to keep the stocks for a more extended period. Hence, both may have different buying behaviour characteristics. In the sample group, 86% of the respondents belong to day traders, and the rest, 14%, belong to the long-term investor category who look for long-term profit. Hence, the study examines the difference between both, and the results are illustrated in table 8.

H02: Perceptions of day Traders and Long-Term Investors do not show a significant difference in investment behavior.

Table 8. EXAMINES DAY TRADERS AND LONG-TERM INVESTORS INVESTMENT BEHAVIOUR

Factor	Investment Experience	Mean	Standard Deviation	Result of t-test: H_0	t-stats	Significant Value	H_0 Accepted or Rejected
Factor 1 Company Information	Day Trader	3.78	0.701	No significant mean difference	2.997	**0.003**	**Rejected**
	Investor	3.32	0.786				
Factor 2 Informational Influence	Day Trader	3.32	0.552	No significant mean difference	0.154	0.878	Accepted
	Investor	3.32	0.616				
Factor 3 Ad Independent	Day Trader	3.77	0.776	No significant mean difference	-0.187	0.852	Accepted
	Investor	3.80	0.890				
Factor 4 Telecast Captivity	Day Trader	3.51	0.561	No significant mean difference	-2.835	**0.005**	**Rejected**
	Investor	3.86	0.625				
F5 Company Sustainability	Day Trader	3.77	0.877	No significant mean difference	1.036	0.309	Accepted
	Investor	3.52	1.159				
F6 Usefulness of Information	Day Trader	3.09	0.671	No significant mean difference	-1.295	0.197	Accepted
	Investor	3.27	0.588				
F7 Goodwill	Day Trader	3.66	0.66	No significant mean difference	-1.616	0.112	Accepted
	Investor	3.80	0.354				
F8 Past Experience	Day Trader	3.37	0.952	No significant mean difference	1.017	0.310	Accepted
	Investor	3.16	1.068				
Overall Investment Behaviour	Day Trader	3.52	0.332	No significant mean difference	-1.572	0.118	Accepted
	Investor	3.63	0.211				

Source: Primary Data

When the mean scores of each factor between day traders and long-term investors are compared, both groups give equal weight to the factor's informational influence. Day traders consider company information, company sustainability, and past experience factors in making investment decisions as the mean scores are higher for them when compared to the long-term investors. The rest of the factors such as advertisement independent, telecast captivity, usefulness of information, and goodwill are considered more by long-term investors than day traders in investment decisions. But the significant difference in opinion is reflected only among two factors i.e., company information and telecast captivity. The significance value for overall perception on investment behaviour is more than 0.05 so H02 is accepted but for two individual factors significance value is less than 0.05 so is rejected for those two factors. Hence a significant difference in buying behaviour perception among day traders and long-term investors on company information and telecast captivity factor is established. Day traders are short term investors more like speculators who are on intraday trading so they rely more on company information whereas investors are long term players who stay in the market and not just enter-exit kind so they rely on telecast captivity. Day traders play more on the gut feel and company name/reputation than on telecast captivity which is more like long term phenomenon this is why investors give more importance to it.

7. Conclusion

Companies usually advertise to make their product or service popular among consumers. However, advertisements may also attract the attention of prospective investors to invest in those companies' shares on the assumption of making profits. Previous studies showed evidence of brand familiarity among the investors, and advertisements create brand loyalty. A quote from Peter Lynch, who is one of the famous portfolio managers, “Buy What you Know” advises the investors to buy stock of companies they are familiar with. Advertisements in media play a significant role in building this brand familiarity by disclosing information about the product and company for different stakeholders. The two most important stakeholders are 1) customers induced to buy that product and 2) investors who may invest in the company's shares by foreseeing future success. The study analysed the factors influencing the investors in their investment strategy and test the variation in perception of investment behaviour under the influence of ad bias among experience of investors (novice and experienced investors) and type of investors (day traders and long-term investors). The results indicate that investors are less influenced by ad bias. But it also gives a hint that an advertisement covering helpful information about the company, its sustainability, and goodwill goes a long way in attracting investments in the company's shares.

When the investment behaviour of novice and experienced investors are compared, it is found that company sustainability and past experience are the two factors that influence significant buying behaviour. Information content in advertisement and its usefulness to take decisions are perceived as less applicable among the investors. Thus, both novices and experienced investors exhibit rational behaviour.

The investment behaviour of day traders and long-term investors also exhibits rational behaviour. Still, they believe company information is highly disclosed in advertisements but they are not so valuable for making investment decisions. Investors agree that ads create more recall capability about brands; the independent advertisement factor and admit that usefulness of information is significantly less in making decisions. All this shows that Indian investors are rationally driven and not emotionally driven. Ad bias is least influenced because they value the information available and check whether they are helpful or not in making decisions. However, a high-quality informational advertisement with more valuable information may induce the investors to invest in those stocks by the influence of ad bias. The impact of advertising also creates a familiarity of the company's brand name among other investors, which may help generate more liquidity.

The current study examined the role of financial ad bias played on the decisions taken by retail investors in Indian stock market. Ad bias is not the only bias influencing the investor’s decision-making. Other possible biases like anchoring bias or news effect on investors, which was not explored before, also need further study. Presently Institutional Investors are a dominant group in the Indian stock market in terms of investment. So, the influence of these biases on Institutional Investors also needs to be examined in detail. Thus, this study helps to yield some important information regarding the level of rational and emotional influence on the decisions related to investment on Indian bourses.

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Appendix

QUESTIONNAIRE

Dear Respondent,

You are requested to participate in this piece of research. I solicit your kind co-operation. I assure all the information which is collected is for research purpose only and will be kept confidential. If you have any doubt about the study, you are free to contact the investigator for clarification. Thank you for your co-operation.

INSTRUCTIONS

Please put 'tick' (✓) mark for your choice

PART-I- Personal Information

1) Gender: a. Male ☐ b. Female ☐

2) Age: ______________ Years

3) Marital Status: a. Unmarried ☐ b. Married ☐

4) Education: a. School Level ☐ b. Graduate ☐ c. Professional Qualification ☐

5) Employment Status: a. Salaried Class ☐ b. Professional ☐ c. Self Employed ☐
d. Student ☐ e. Housewife ☐ f. Unemployed ☐

6) Individual Annual Income: a. Below Rs 2.5 lakh ☐ b. Rs 2.5 lakh to Rs 5 lakh ☐
c. Rs 5lakh to Rs 10 lakh ☐ d. Rs 10 lakh or above ☐

PART – II – Additional Information

1) How many years you are trading in the stock market?

(a) Less than 1 year ☐ (b) 1 to 3 Year ☐ (c) 3 to 5 Year ☐ (d) More than 5 Year ☐

2) Frequency of investment

(a) Daily ☐ (b) Few times a week ☐ (c) Few times a month ☐ (d) Few times a year ☐ (e) Very rarely ☐

3) Average amount you trade per month

(a) Less than Rs 100000 ☐ (b)Rs 100000 to 500000 ☐ (c) Above Rs 500000 ☐

4) How many stocks you hold? _______________

5) Which media gets your attention more?

(a) Print ☐ (b) Radio ☐ (c) Television☐ (d) Internet Ads ☐

6) How much you are exposed to media advertisements?

(a) Very Frequently ☐ (b) Sometimes ☐ (c) Rarely ☐

7) Which aspect of advertisement is important to you?

(a) Models ☐ (b) Background theme ☐ (c) Punch Line ☐ (d) Caption ☐

8) How does an advertisement affect you?

(a) Recall the company ☐ (b) Positive impression of the company ☐
(c) Interest in the company ☐ (d) Desire to purchase the shares of the company ☐

9) Which all newspaper you prefer to read?

(a) The Hindu ☐ (b) Business Line ☐ (c) Economic Times ☐ (d) Business Standard ☐

(d) Others (please specify) ____________________________

10) Which TV channel do you watch for stock market updates?

(a) NDTV Profit ☐ (b) Times Now ☐ (c) CNBC ☐ (d) Others (Please specify) ________ ☐

PART – III – Ads Influence

SA – Strongly Agree A – Agree N – Neutral D – Disagree SD – Strongly Disagree

S.N	Questions	SA	A	N	D	SD
1	Ads induce ************************************					
2	Ads influence **********************************					
3	Ads helps *************************************					
4	The advertisement ******************************					
5	The ads are ************************************					
6	Most of the ads *********************************					
7	The frequency **********************************					
8	There is no ************************************					
9	The ad creates **********************************					
10	Ads are ***************************************					
11	Ads make *************************************					
12	The regular ads of the company ********************					
13	Ads recall *************************************					
14	Ads give **************************************					
15	The ads reflect *********************************					
16	Ads show the ***********************************					
17	Ads give the ***********************************					
18	Ads provide ***********************************					
19	Ads give **************************************					
20	Ads disclose ***********************************					
21	Ads increase ***********************************					
22	Spending in ads ********************************					
23	Discussion with peer group ***********************					
24	Seasonal ads are ********************************					
25	Ads discloses the *******************************					
26	Past experience on ad ***************************					
27	Investments decision ****************************					
28	Laws should be *********************************					
29	Marketing promotions other **********************					
30	I buy share of **********************************					

If needed Contact the Authors for the full scale.

---Thank you for spending your valuable time in filling this Research Questionnaire. --