

Impact Of Deceptive Advertising On Corporate Image: A Case Study Of Nigeria Bottling Company PLC

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Abstract: This paper is a report on the impact of deceptive advertising on the corporate image of the Nigeria Bottling Company Plc (NBC) located in Lagos, Nigeria. The study examines deceptive advertising through structured surveys using 100 respondents, who are different consumers. It is demonstrated in the findings that even though advertising is effective in informing and persuasion, some of its practices can be harmful to corporate image; in this case; deception and undermining of trust. The chi-square analysis shows that there is a significant negative impact on consumer behavior and reputation of the company. The researcher recommends that NBC ought to pursue open forms of advertising and regulatory authority to enhance a credible repeat of consumers in the competitive environment of beverage Industries in Nigeria.

Keywords: Deceptive Advertising, Corporate Image, Consumer Behavior, Brand Reputation, Nigeria Bottling Company, Advertising Ethics, Marketing Communication, Customer Trust, Beverage Industry, Advertising Regulation

1 Introduction

Advertising is necessary in the contemporary economic world, where the interaction of producers and consumers takes place, shaping impressions, and creating preferences in buying decisions (Kotler, 1996). The South African economy enjoys urban population swells that keep on changing in dramatic ways; therefore, the most suitable companies such as NBC rely on advertisement to remain relevant in the fast-moving consumer goods (FMCG) market. NBC is one of the biggest bottlers of

popular products such as Coca-Cola, Fanta, and Sprite, and thus advertising is crucial in its bid to sustain its market share in the busy urban cities such as Lagos. Nonetheless, the emergence of the deceptive nature of advertising leads to the question of long-term implications when it comes to both the level of trust in the purchasing process and the reputation of the firm.

The economies of Nigeria come with certain challenges, which include cheaper currency and shifting purchasing power of the consumers. These dynamics induce the businesses to engage in harsh marketing efforts (Uche et al., 2015). With its operation through NBC since 1953, it bottles more than six million bottles a day, earning it the place as the leading soft drink bottling company in Nigeria. But the temptation to employ misleading advertisements, such as inflated claims or false marketing, to boost the company sales in the short-run may jeopardise the reputation of the company that has been built up through years. The goal of this study is to appreciate how the said practices influence the consumer perceptions and corporate perception of the entire NBC within a major market hub (Lagos).

There are enormous ethical and strategic issues associated with deceptive advertising, misleading and untrue advertising to persuade the consumers (Ayoade, 2010). Even though the intent when using advertising is to inform customers and persuade them, false claims may lead consumers to have disappointed expectations, which leads to distrust. Maintaining a healthy corporate image is not a marketing objective in general and not a crucial one to the NBC in particular. The popularization of unhealthy practices in the field of drinks industry in Nigeria makes it necessary to explore how it affects how consumers behave and perceive brands.

The focus of the research problem is how profitability considerations of advertising are balanced against the need to have a reputation of a reputable company. The need to be more discerning by consumers has created a situation where companies such as NBC will have to adjust their marketing activities in relation to ethics otherwise risk being tainted (Oladipo, 2013). Although misleading claim advertising may result in instant sales, it has a risk of distancing the consumers and destroying the credibility and subsequently the loyalty to the brand. This paper discusses the impact of deceptive advertising on the corporate image of NBC and consumer faith while in Lagos the competition is stiff and the expectations of consumers are very high.

The research aims at having an in-depth examination of the influence that advertising plays on the operations of NBC with various objectives being outlined. The first one determines the role of advertising in information and motivation of consumers in purchasing NBC products. Second, it measures the impact of deceptive advertising to the company corporate image. Thirdly, it examines consumer buying process with regard to false advertisement. Lastly, it also explores the supply of consumers of NBC products providing some ideas concerning the success of existing advertising.

The importance of this study can be thoroughly felt in the ever-challenging economic landscape of Nigeria where the levels of consumer distrust in advertising are on the rise (Eze & Ndubuisi, 2017). Researching a particular beverage company as big as NBC, the paper establishes the wider extent to which deceptive advertising can harm FMCG firms. The implications of the findings seek to be at a corporate level where the ethical advertising practices are emphasized to sustain trust and loyalty among the consumers. The research will also make contribution to the scholarly debate in the field of ethics of advertising in new markets, in which the regulation systems are frequently poorly developed.

Three hypotheses form the basis of the research. The former implies that deceptive advertising has implications on consumer behavior (H1). Second, it alleges the issue of deceptive advertising on NBC corporate image (H2). Third, it postulates that advertising acts as a form of informing and persuading consumers to buy (H3). These hypotheses are examined with the help of data obtained among consumers in Lagos, and it provides a local perspective on a global problem.

The research placed emphasis on the study of marketing strategies of NBC, hence filling the gap between deceptive advertising and corporate image in the beverage industry of Nigeria. The anticipated results will be of practical use to NBC and other corporations that are related with a special emphasis on the significance of ethical advertising to develop sustainable brand equity (Okoro & Ugwuzor, 2016). An improved regulatory control that will help avoid deceptive advertisements is also a recommendation of the study, where advertising serves the premise of establishing trust instead of manipulation.

Advertising is one of the core aspects of marketing, that is used as a means of informational transmission, persuasion of the consumer (Kleppner, 1969). The Attention, Interest, Desire, Action (Allied Mediterranean Acquisition Company (AMA)), was put forward by Strong (1952) as a theoretical comprehension of the effect of advertising on consumer behavior through stages. As it explains this model, it makes clear the necessity of the credible messaging that is required to motivate the action on the basis of the awareness. But this process can be violated through false advertising, which distorts the expectations of buyers and reduces the credibility of the company and its products in the competitive environment such as in Nigeria (Nwaizugbo & Abiahu, 2018).

Advertising is less effective when it fails to correspond with consumer needs and preferences but would also need to meet the requirements of ethical issues (Kotler, 1996). In Nigeria, the consumer is predisposed by economic factors and culture, so false advertising may have a short-term profit and the reputation in the long run (Ozuem & Nwanko, 2020). The theoretical framework used in this research integrates AIDA model into corporate image which focuses on how deceptive practices may result in skewed cognitive and emotional processes involved in consumer decisions leading to dire brand images.

One of the most important assets in the FMCG business is corporate image that incorporates the reputation of a company, its stability, and societal responsibility (Okoro & Ugwuzor, 2016). False advertisements like bait and switch promotions or false promises remain to be a form of tarnishing this asset by causing a disparity between the expectations of the consumer and the actual state of affairs (Ayoade, 2010). In the case of NBC, which is a well established brand in Nigeria, the unscrupulous acts pose a threat to becoming alienated by consumers who place importance on transparency, thus causing loss of market share and brand equity.

The authors identified various kinds of corporate images (mirror image, current image, wish image, corporate image, multiple image, and good/bad image), which relate to the advertising policy (Jefkins, 1996). It is worth noting that a bad current image is induced by numerous cases of advertising that is not held with any integrity since those who consumed the products in question see the company as unreliable (Eze & Ndubuisi, 2017). Such a misalignment may result in the loss of customers and losses, as the research on the beverage market of Nigeria has shown (Nwafor & Okeke, 2014).

The impacts of deceptive advertising are not limited to the instant response of the consumers but affect their long-term business sustainability (Oladipo, 2013). Companies which focus on a short-term sales exploiting misleading strategies are subjected to reputational crises since consumers are getting more aware of the ethical marketing demands. In the case of NBC, business adherence to veracity in advertising that is supportive towards the consumer and also within the regulations will ensure that the corporate image is favorable.

Advertising is so essential in consumer need fulfilment because the advertisements facilitate through awareness and preference shaping (Green & Stock, 1966). It should be honest and straightforward because in Nigeria, customers have different sources of advertisements, they have to develop confidence (Levy & Olayinka, 2014). The problem is that false advertising may influence the desires of consumers and disappoint consumers when the product turns out not to be that great (Anyim, 2012).

The AIDA model displays the cognitive, emotional, and behavioral component stages through which advertising can affect the needs of the consumers (Strong, 1952). Manipulative strategy disrupts this hierarchy because fake desires affect consumers who lose their trust in the brand (Okeke & Ihekwoaba, 2019). In the case of NBC, it has become a necessity to match advertising with the actual needs of consumers, such as quality, affordability, among other needs, to ensure sustainability of demand within the competitive environment.

Social, cultural, and economic factors influence the consumer needs in Nigeria, so truthful advertising is a strategic requirement (Ajayi & Fadeyibi, 2015). Ethical advertising does not only fulfill consumer expectations but it also builds brand loyalty since individuals tend to trust companies that provide the correct and reliant information. The success of NBC is attributable to its capability to combine persuasive advertisement and ethical conduct in a manner that it can comfortably attend the needs of consumers.

2 Methodology

This quantitative research design examined the effects of false advertising on the corporate image of NBC with regard to the perceptions of the consumers in Lagos and some parts of Abeokuta, which forms approximately 45 percent of the NBC market. The sample size comprised 100 respondents that were sampled randomly through judgment to address diversity and manageability of the sample that consisted of males and females, self-employed persons, people in the middle-income category and persons in the high-income bracket, and categorized into age groups. Structured questionnaires characterised as dichotomous (e.g., yes/no) and multi-continuous were used to collect data with the aim of measuring consumer perceptions of advertising credibility, as well as its deceptive nature and several ways of impacting on the image of NBC. The questionnaires were administered to strategic areas like Lagos Mainland, Lagos Island, Ikeja/Agege, Abeokuta and Township polytechnics. Simple percentages were used as descriptive analysis of the data and a Chi-square with significance level of 5 percent to test the hypothesis, evaluating significance of the difference between observed frequencies and proving the expectation frequencies. The geographic study of Lagos and Abeokuta is also seen as a limitation as it may limit the generalizability of the study findings, and the fact that they rely perceptions, consumers may not entirely reveal the vastness of deceptive advertising.

4 Results

Table 1: Consumer Perceptions of Advertising

Option	Scale	Frequency	Percentage
Strongly Agree	1	10	12.5%
Agree	2	22	27.5%
Don't Know	3	14	17.5%
Disagree	4	22	27.5%
Strongly Disagree	5	12	15.0%
TOTAL		80	100%

Table 1 reveals that 40 percent of the respondents (12.5 percent strongly agree, 27.5 percent agree) feel that the advertising is deceptive and that it portrays a great deal of scepticism among the consumers. Nevertheless, 42.5% (27.5% disagree, 15% strongly disagree) of the people think that advertisement is not deceptive, with 17.5% remaining open. This bipolar impression indicates that false advertising as a considerable issue is not necessarily introduced across the board among the NBC customers.

Table 2: Effects of Advertising on Consumer Behavior

Option	Scale	Frequency	Percentage
Strongly Agree	1	23	28.75%
Agree	2	35	43.75%
Don't Know	3	13	16.25%
Disagree	4	5	6.25%
Strongly Disagree	5	4	5.0%
TOTAL		80	100%

Table 2 indicates that the position of advertising in influencing buying decisions and informing 72.5 percent (28.75 percent strongly agree, and 43.75 percent agree) of the respondents shows the effectiveness of advertising. Most people only disagree that it does not make a difference at all (6.25% say outright disagree, 5 percent strongly disagree), and 16.25 percent are undecided, which depicts that advertising is a potent tool in NBC despite claims of deception.

Table 3: Impacts of Advertising on Company's Image

Option	Scale	Frequency	Percentage
Strongly Agree	1	18	22.5%
Agree	2	33	41.25%
Don't Know	3	6	7.5%
Disagree	4	17	21.25%
Strongly Disagree	5	6	7.5%
TOTAL		80	100%

According to Table 3, 22.5 percent strongly agree and 41.25 percent agree, meaning that 63.75 proportion of respondents agree with the perception that advertising can affect the corporate image of NBC and such practices are probably deceptive to foster the negative perception. In the meantime, 28.75% (21.25% disagree, 7.5% strongly disagree) do not find such an influence significant, and 7.5% did not give their opinions, which indicates the relationship between advertising and reputation.

Table 4: Determination of Advertisement Rate

Option	Scale	Frequency	Percentage
Strongly Agree	1	15	18.75%
Agree	2	31	38.75%
Don't Know	3	11	13.75%
Disagree	4	23	28.75%
TOTAL		80	100%

As indicated in Table 4, 56.5 percent respondents (18.75 percent strongly agree, and 38.75 percent agree), show that they are attracted by the advertisement to buy NBC products, which confirms its persuasive nature. Nevertheless, a dissatisfaction with this statement is seen in 28.75 percent, whereas 13.75 percent are uncertain, so although advertising works, its effect depends on consumers.

Table 5: Expansion of Market Share by Advertising

Option	Scale	Frequency	Percentage
Yes	1	51	63.75%
No	2	29	36.25%
TOTAL		80	100%

Table 5 reveals that 63.75 percent of the respondents consider that advertising would increase the market share of NBC since one of the roles of advertising is market expansion. On the contrary, 36.25% are against it implying that there may be other parameters affecting the performance in the market like the quality of the product or competition.

Table 6: Chi-square Test: Deceptive Advertising and Consumer Behavior

Response	Observed (O)	Expected (E)	(O-E) ²	(O-E) ² /E
Agree	58	42.58	237.78	5.58
Disagree	9	24.42	237.78	9.74
Agree	10	25.42	237.28	9.35
Disagree	30	14.58	237.78	16.31
Total				40.98

In table 6, the result is 40.98 which surpasses the critical value of 10.84 in a significance level of 5 percent and this results in the rejection of the null hypothesis (H₀). This supports the hypothesis H₁, where it is proven that deceptive advertising has a great influence on consumer behavior since they respond adversely to misleading information.

Table 7: Chi-square Test: Deceptive Advertising and Corporate Image

Response	Observed (O)	Expected (E)	(O-E) ²	(O-E) ² /E
Agree	55	40.54	209.09	5.16
Disagree	8	22.45	208.80	9.30
Agree	10	24.45	208.80	9.54
Disagree	28	13.54	209.09	15.44
Total				38.44

As seen in Table 7, Chi-square value is 38.44, which is higher than the critical value and thus we would reject H₀ and accept H₂. This means that misleading advertisement is profoundly branding NBC company image and the reason behind this could be lack of integrity as perceived by the consumers.

Table 8: Chi-square Test: Advertising and Consumer Purchase

Response	Observed (O)	Expected (E)	(O-E) ²	(O-E) ² /E
Agree	40	31.82	66.91	2.10
Disagree	30	38.18	66.91	1.75
Agree	35	43.18	66.91	1.55
Disagree	60	51.82	66.91	1.29
Total				6.69

The Chi-square value indicated in Table 8 is 6.69 and significant at a 5 percent level, and therefore the H_0 was rejected and H_3 accepted. This implies that advertising makes consumers aware, and persuaded to buy NBC products, which has made it effective in facilitating sales.

Discussion

The results indicate that deceptive advertisement causes substantial influence on consumer behavior as supported by the results of the Chi-square (Table 10, $\chi^2 = 40.98$). This is in line with Eze and Ndubuisi (2017), who declare that the use of deception in the beverage market in Nigeria dilutes consumer confidence and diminishes the willingness to buy the products. The fact that 40 percent of the respondents perceive advertising to be deceptive suggests increasing distrust on the side of the Lagos consumers, which was probably the result of the economic pressures and their experience with the misleading offers. This means that NBC will have to emphasize on openness to maintain the trust of the consumers because the art of deception disrupts the message processing levels in the AIDA model, which include the cognitive and emotional levels (Strong, 1952).

Indeed, since deceptive advertising has a significant effect on the corporate image of NBC (Table 11, $\chi^2 = 38.44$), the results confirm Nwafor and Okeke (2014). They indicate that deceptive advertising is detrimental to brand blemish within the beverage industry in Nigeria. As 63.75 percent of respondents admitted the role of advertising in the corporate image, NBC faces a huge problem in the linkage of marketing policies and ethics. Deceptive practices may negatively hurt a company image which leads to low market share, and loss of investor confidence. This points out why NBC should employ honest messaging to ensure that it continues to hold the view that it is the best bottler in Nigeria.

The role of advertising in terms of informing and persuading consumers (Table 12, $\chi^2 = 6.69$) confirms the statements by Okoro and Ugwuzor (2016) who present the issue of the significance of advertising in the creation of consumer awareness and preference. The 72.5 percentage of respondents who avouch that ads influence when they make their purchases shows the influence of advertising in the competitive markets in Nigeria. Nevertheless, the performance of advertising depends on its validity, their deceiving can harm consumer confidence, according to Levy and Olayinka (2014). Using this persuasive power, NBC ought to resort to ethical campaigns that resonate with the needs of the consumers.

Advertising effectiveness and the ethical considerations involved with it have a complex relationship as suggested by varied consumer perceptions of advertising (Table 1) and how it impacts the market share (Table 5) (Ozuem & Nwanko, 2020). Although 63.75 percent of respondents support the idea that advertising increases market share, 36.25 percent disagreeing is an indication that such benefits might be null and void due to the deceitful nature of the procedure. To be able to improve the brand loyalty level and attain competitiveness in the market, NBC should integrate market research and consumer feedback in its advertisements to meet consumer expectations.

Conclusion

This paper brings to light the negative consequences of misleading advertising on the corporate identity of NBC and consumer behaviour in Lagos, Nigeria. The high values of Chi-square in all the hypotheses show that the deceptive practices deteriorate the trust devalue the reputation and affect buying behavior into the negative. Even though advertising is an effective option of informing and convincing consumers, it must be implemented in the ethical manner and it is important that NBC needs to pay major attention to transparency in the marketing strategy.

The results indicate the need to change its approach to advertising through ethical means in order to sustain the dominance of the market leader in the beverage sector within Nigeria. NBC ought to reduce the risk of deception by aligning their advertisements with the need and standards of the consumers rather than trying to trounce the quality of the consumers (Ayoade, 2010). Such a strategy helps in gaining the trust of consumers as well as increasing the long-term financial and reputational sustainability of the company.

To extend this study, future research ought to look at how the consumers in other markets in Nigeria perceive such advertisements and what long-term impact ethical advertising has on the performance of NBC. Regulatory frameworks over deceptive advertising

can also be improved to make the industry more credible thus making companies such as NBC to succeed in a consumer market based on trust.

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