

INTEGRATED MARKETING COMMUNICATIONS

Unit Structure:

- 1.0 Objectives
- 1.1 Introduction to Integrated Marketing Communication (IMC)
- 1.2 Elements of IMC
- 1.3 Features of IMC
- 1.4 IMC planning process or steps involved in IMC planning process
- 1.5 Role of advertising in IMC
- 1.6 Summary
- 1.7 Exercise

1.0 OBJECTIVES

After studying the unit the students will be able to:

- Define the term Integrated Marketing Communication
- Explain the various Components, Features and Elements of an Integrated Marketing Communication
- Discuss about the major Objectives or Purpose of Integrated Marketing Communication and
- Explain the Role of Advertising in an Integrated Marketing Communication

1.1 INTRODUCTION TO IMC

1.1.1 Meaning

Integrated Marketing Communication is a simple concept. It ensures that all forms of communications and messages are carefully linked together. Integrated Marketing Communication plays an important role in the marketing of goods and services. It is used to influence customer behaviour in favour of the product.

At its most basic level, integrated marketing communication refers to integrating all the methods of brand promotion to promote a particular product or service among target customers. In

integrated marketing communication, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

Integrated Marketing Communication is defined as “**a marketing mix element used to inform, persuade and remind people about an organization and/or its products.**”



In this cluttered and fragmented media environment, only advertising in traditional media (or a mix of one or two other promotional tools) does not enable marketers to reach their target market. Thus, integrated marketing communications (IMC) are required. IMC involves strategic synchronization of various forms of persuasive communication programs with customers and prospects over time. The goal of IMC is to convey a company's marketing messages in a consistent and coherent manner through different promotional channels. The utmost task for IMC is ensuring consistency in messages and executions so that the target audience is able to connect any execution to the brand in the end.

1.1.2 COMPONENTS OF IMC

Let us go through various **Components of Integrated Marketing Communication**:

1. **The Foundation** - As the name suggests, foundation stage involves detailed analysis of both the product as well as target market. It is essential for marketers to understand the brand, its offerings and end-users. You need to know the needs, attitudes and expectations of the target customers. Keep a close watch on competitor's activities.
2. **The Corporate Culture** - The features of products and services ought to be in line with the work culture of the organization. Every organization has a vision and it's important for the

marketers to keep in mind the same before designing products and services. Let us understand it with the help of an example. Organization A's vision is to promote green and clean world. Naturally its products need to be eco-friendly and biodegradable, in lines with the vision of the organization.

3. **Brand Focus** - Brand Focus represents the corporate identity of the brand.
4. **Consumer Experience** - Marketers need to focus on consumer experience which refers to what the customers feel about the product. A consumer is likely to pick up a product which has good packaging and looks attractive. Products need to meet and exceed customer expectations.
5. **Communication Tools** - Communication tools include various modes of promoting a particular brand such as advertising, direct selling, promoting through social media such as Facebook, Twitter, Orkut and so on.
6. **Promotional Tools** - Brands are promoted through various promotional tools such as trade promotions, personal selling and so on. Organizations need to strengthen their relationship with customers and external clients.
7. **Integration Tools** - Organizations need to keep a regular track on customer feedbacks and reviews. You need to have specific software like customer relationship management (CRM) which helps in measuring the effectiveness of various integrated marketing communications tools.

Integrated marketing communication enables all aspects of marketing mix to work together in harmony to promote a particular product or service effectively among end-users.

1.1.3 OBJECTIVES:

Once they have developed products and services, organizations must communicate the value and benefits of the offerings to both current as well as potential customers in both business-to-business and business-to-consumer markets. Integrated marketing communications (IMC) provide an approach designed to deliver one consistent message to buyers across an organization's promotions that may span all different types of media—TV, radio, magazines, the Internet, mobile phones, and so forth.

Some important **Objectives of IMC** are as follows:



Awareness

The primary objective of IMC is to create customer awareness to survive market competition through techniques such as advertising, publicity, and personal selling.



Brand Loyalty

Involves customer making repeat purchases and recommending a brand to others. Company can develop brand loyalty through sales promotions, effective personal selling and timely, effective direct marketing.



Brand Image

Brand Image refers to a customer's perception of a brand. Marketers use various techniques for developing brand image.



Market Expansion

Marketers can use various IMC techniques to expand their markets from the local to regional to national level.



Persuasion

If competitors have similar products, a marketer can use IMC techniques to show the superiority of their products and encourage buying.



Educating Customers

IMC techniques are used to educate customers about (for instance) the use of a product, handling operations, etc.

1.2 ELEMENTS OF IMC:

Integrated marketing communication is the process of coordinating all the activities across different communication methods. Effective marketing communication is goal directed, and it is aligned with an organization's marketing strategy. It aims to deliver a particular message to a specific audience with a targeted purpose of altering perceptions and/or behavior. Integrated marketing communication (IMC) makes this marketing activity more efficient and effective because it relies on multiple communication

methods and customer touch points to deliver a consistent message in more ways and in more compelling ways.



Publicity

A form of mass communication used for product promotion through news about a firm's products, actions, policies, awards, etc.

Advertising

A paid form of non personal presentation and promotion of ideas, goods, and services by an identified sponsors. Message can be communicated through media like newspapers, magazines, radio, TV direct mail and internet.

Example: Grofers advertisement informed customers about their services when they launched their operations.



Sales Promotion

A set of marketing activities to boost sales of product or service. Techniques include:

1. After sales service
2. Consumer contests
3. Discounts
4. Exchange offers
5. Free samples

Sponsorship

A firm may sponsor sports, cultural, and social events to create a distant image for itself and its brands.

Example: Mumbai Indians, an IPL team, is sponsored by reputed brands like Videocon and DHL. Similarly, RCB is sponsored by HERO, LYF, and Lloyd.





Personal Selling

It involves face to face communication between a firm's representative and potential customer. It is the oldest form of promotion.

Example: Perfume brands use the personal selling IMC element in malls to boost sales.

Public Relations (PR)

PR refers to creating and maintaining goodwill of an organization's stakeholders (customers, employees, investors and suppliers) through publicity and other non paid forms of communication. Firms and concerned about the effects of their actions on the public. They need to understand concerns of the public and communicate their goals and interests to them.

Example: Tata group engaged Re-diffusion, led by Arun Nanda, to manage PR affairs from November 1, 2011.



Packaging

A well designed package can communicate the product type and quality and influence potential customers.

Example: Paper Boat uses attractive product packaging.

Direct Marketing

Involves selling products and services directly to the customer. Techniques include direct mail, telemarketing, brochures, and catalogues.

Example: Airtel and Vodafone call customers to inform about their latest offers and schemes.



Digital Marketing

Digital marketing is the study, management and promotion of brands, products or services via digital technologies such as email, search engines, social media, websites, mobile apps, etc.

These technologies are utilized via electronic devices such as Phones, Tablets, Notebooks, Laptops, Desktops, etc.

Publicity's primary purpose is to get specific information across to as many people as possible within the shortest time frame. To record any sale of products or services, customers have to be aware they exist, and they also have to know the attached benefits. As the number of people aware of a product or service increases, the potential for additional sales also increases. While publicity is a key component of marketing strategies, it is different from

marketing because there often is no message beyond letting an audience know that the product or service in question exists. A publicity campaign might be built around making a product or brand visible through strategies such as product placements or logos on vehicles that are seen around town. This strategy typically does not share or describe a product's specific benefits, but it puts it in front of as many eyes as possible.

Advertising is any paid form of communication from an identified sponsor or source that draws attention to ideas, goods, services or the sponsor itself. Most advertising is directed toward groups rather than individuals, and advertising is usually delivered through media such as television, radio, newspapers and, increasingly, the Internet. Ads are often measured in impressions (the number of times a consumer is exposed to an advertisement).

Sales promotions consist of other types of promotions—coupons, contests, games, rebates, mail-in offers, and so forth—that are not included as part of another component of the communication mix. Sales promotions are often developed to get customers and potential customers to take action quickly, make larger purchases, and make repeat purchases. Many stores now place coupons next to products to encourage consumers to select a particular brand and products.

Sponsorships go hand-in-hand with events, as organizations affiliate themselves with events and organizations by signing on to co-sponsor something available to the community. Sponsorships cover the gamut: charitable events, athletes, sports teams, stadiums, trade shows and conferences, contests, scholarships, lectures, concerts, and so forth. Marketers should select sponsorships carefully to make sure that they are affiliating with activities and causes that are well managed and strategically aligned with the public image they are trying to cultivate.

Personal selling is an interactive, paid approach to marketing that involves a buyer and a seller. The interaction between the two parties can occur in person, by telephone, or via another technology. Whatever medium is used, developing a relationship with the buyer is usually something the seller desires.

Both the buyer and seller have objectives they hope to achieve. Although business-to-business markets utilize more personal selling, some business-to-consumer markets do as well. If you have ever attended a Tupperware party or purchased something from an Amway representative, you've been exposed to personal selling.

Public relations (PR) help improve and promote an organization's image and products by putting a positive spin on news stories. Public relations' materials include press releases, publicity, product placement, and sponsorships. Companies also use PR to promote products and to supplement their sales efforts. PR is often perceived as more neutral and objective than other forms of promotion because much of the information is tailored to sound as if it has been created by an organization independent of the seller. Many companies have internal PR departments or hire PR firms to find and create public relations opportunities for them. As such, PR is part of a company's promotion budget.

Packaging of the product is equally part of the product, since the packaging can convey in little words what the product is. The main purpose of packaging is to protect the content of the product from its environment, but it can also perform other functions such as to; inform customers of price, ingredients and product use, brand and product recognition, attract attention, break through competitive clutter at the point of purchase and ultimately motivate consumers' brand choices etc.

Direct marketing involves delivering personalized promotional materials directly to individual consumers. It provides an interactive approach for organizations to reach consumers in hope of getting consumers to take action. Materials may be delivered via mail, catalogues, Internet, e-mail, telephone, or direct-response advertising. Several benefits of direct marketing include the ability to target a specific set of customers, measure the return on investment (ROI), and test different strategies before implementing to all targeted consumers. However, direct marketing is very intrusive and many consumers may ignore attempts to reach them.

Digital Marketing is an umbrella term for using a digital tool to promote and market products, services, organizations and brands. As consumers and businesses become more reliant on digital communications, the power and importance of digital marketing have increased. The direct marketing section of this chapter already discussed two digital tools: email and mobile marketing, which fit into both categories. This section will discuss other essential tools in the digital marketing tool kit: Web sites, content marketing and search-engine optimization (SEO), and social media marketing.

1.3 FEATURES OF IMC

By integrating tools such as advertising, direct mail, social media, telemarketing and sales promotion, you provide clarity, consistency and maximum communications impact, according to the American Association of Advertising Agencies' definition.

a) Receive Better Results

In the traditional approach to marketing communications, businesses and their agencies plan separate campaigns for advertising, press relations, direct marketing and sales promotions. Integrated campaigns use the same communication tools to reinforce each other and improve marketing effectiveness. In an integrated campaign, you can use advertising to raise awareness of a product and generate leads for the sales force.

By communicating the same information in press releases and feature articles, you reinforce the messages in the advertising. You can then use direct mail or email to follow up inquiries from the advertising or press campaigns and provide prospects with more information. To help convert those prospects to customers, you can use telemarketing to sell directly or make appointments for the sales team. An active online presence on social media sites like Facebook and Twitter provide a further set of tools for reaching out to your customer base.

b) Creative Consistency throughout Channels

In an integrated campaign, the different tools feature the same creative treatment. By repeating the headlines, key phrases and images in each communication, you ensure that prospects and customers receive consistent messages each time they see one of the elements of the campaign. Creative consistency helps reinforce the basic campaign themes by increasing the number of times prospects see or hear the same message. By working consistently through several different channels, you can better build awareness of your business name, brands, offers, catch phrases or other messages you emphasize.

c) Overall Cost Savings

Creative consistency in your integrated campaigns can also save you money. By using the same images and adapting the same copy for different media, you reduce copy-writing, design and photography costs. Expensive video production output can be used in multiple media like television, YouTube and Facebook. If you work with external communications suppliers, you may be able to reduce agency fees by working with a single firm that offers integrated communications services, rather than separate specialist agencies.

d) Aligning with Customer Preferences

An integrated campaign helps you provide customers with information in the format they prefer. Consumers and business customers can specify if they want to receive product information via email, direct mail, text message or telephone. Clients that you do not reach directly can still benefit from your campaigns by viewing your print ads or hearing your radio and TV spots.

Integration ensures that customers and potential customers receive the same information in all communications. You can also meet the needs of customers who search the Internet for product information by integrating your website design and content with other communications.

1.4 IMC PLANNING PROCESSOR STEPS INVOLVED IN IMC PLANNING PROCESS

Step 1. Review of Marketing Plan:

Before developing a promotional programme, it is important to understand where the company's (or the brand) current position is in the market, where it intends to go and how it plan to get there. A marketing plan is a written document describing the overall marketing strategy and programme developed for the organization, a particular product line or a brand.

• Marketing plan included the following basic elements:

1. A detailed situation analysis that consists of an internal marketing audit and an external analysis of the market competition and environmental factors.
 2. Specific marketing objectives that provide direction, a time frame for marketing activities, and a mechanism for measuring performance.
 3. A marketing strategy and programme that include selection of target market(s) decisions and plans for the four elements of the marketing mix.
 4. A programme for implementing the marketing strategy, including determining specific tasks to be performed and responsibilities.
 5. A process for monitoring and evaluating performance and providing feedback so that proper control can be maintained and any necessary changes made in the marketing strategy or tactics.
- A promotional programme is an integral part of the marketing strategy. It will give an idea of the role of advertising and other promotional mix element will play in the overall marketing programme.

Step 2. Promotional Programme Situational Analysis:

The next step in developing promotional plan is to conduct the situation analysis. A situation analysis involves the internal analysis and external analysis. Internal analysis assesses relevant area involving the product/service offering and the firm itself.

The capabilities of the firm and its ability to develop and implement a successful promotional programme, the organization of promotional department and the success and failures of past programmes are reviewed.

The analysis studies the relative advantages and disadvantages of performing the promotional functions. For example, the internal analysis may indicate the firm is not capable of planning, implementing and managing certain areas of the promotional programme.

If this is the case, it would be wise to look for assistance from an advertising agency or some other promotional facilitator. If the organization is already using an advertising agency, the focus will be on the quality of the agency's work and the results achieved by past and/current campaigns.

The other aspect of internal analysis is assessing the strengths and weaknesses of the firm or the brand from an image perspective. Often, the image of the firm brings to the market will have a significant impact on its promotional programme.

Another aspect of the internal analysis is the assessment of the relative strengths and weaknesses of the product or service in comparison to its competitors, unique selling points or benefits it has, its price, design, packaging to help the creative personnel to develop advertising message for the brand.

External analysis focuses its attention on the firm's customers, market segments, positioning strategies, and competitors. An important part of the external analysis is a detailed consideration of customers in terms of their characteristics and buying patterns, their decision processes, and factors influencing their purchase decisions.

Attention must also be given to consumer's perceptions and attitudes, lifestyles, and criteria used in making purchase decisions often. Marketing research studies are necessary to answer some of these questions.

A key element of the external analysis is an assessment of the market. The attractiveness of various market segments must be evaluated and the decision made as to which segment (s) to target. Once the target markets are chosen, the emphasis will be on determining how the product should be positioned? What image or place should it have in consumers' minds?

The external phase of the promotional programme situation analysis also includes an in depth examination of both direct and

indirect competitors. While competitors were analyzed in the overall marketing situation analysis, even more attention is devoted to promotional aspects at this phase.

Focus is on the firm's primary competitors; their specific strengths and weaknesses; their segmentation, targeting and positioning strategies; and the promotional strategies they employ. The size and allocation of their promotional budgets, their media, strategies, and the messages they are sending to the market place should also be considered.

Step 3. Analysis of Communication Process:

This stage involves to know how the company can effectively communicate with consumers in its target market. It involves the communication decision regarding the use of various sources, messages and channel factors. It involves the analysis of effects of various types of advertising messages might have on consumers and whether they are appropriate for the product or brand.

An important part of this stage of the promotional planning process is establishing communication goals and objectives. Communication objectives refer to what the firm wants to accomplish with its promotional programmes Russel Colley have identified 52 possible advertising objectives.

The communication objectives may include creating awareness or knowledge about a product and its attributes or benefits, creating an image or developing favorable attitudes, preferences or purchase intentions.

Step 4. Budget Determination:

In budget determination, the two basic questions that should be asked includes what will the promotional programme's cost? How will these funds be allocated? Budget determination procedure involves selecting the various budgeting approaches and integrating them. At this stage, the budget is often tentative. It may not be finalized until specific promotional mix strategies are developed.

Step 5. Developing the Integrated Marketing Communications Programme:

At this stage, decisions are made regarding the role and importance of each element and their coordination with one another. Each promotional mix element has its own set of objectives and a budget and strategy for meeting them.

Decisions must be made and activities performed to implement the promotional programmes. Procedures are developed for evaluating performance and making any necessary changes.

Two important aspects of advertising programme are the development of the message and media strategy. Message development, often referred to as creative strategy, involve determining the basic appeal and message the advertiser wishes to convey to the target audience.

Media strategy involves determining which communications channels will be used to deliver the advertising message to the target audience. Decisions must be made regarding which types of media will be used (e.g., Newspapers Magazines, Radio, Television, bill boards etc.) as well as specific media selections such as a particular magazines or TV programme.

This task requires careful evaluation of the media options' advantages and limitations, costs, and ability to deliver the message effectively to the target market.

Once the message and media strategies have been determined, steps must be taken to implement them. Most large companies hire advertising agencies to plan and produce their messages and to evaluate and purchase the media that will carry their advertisement.

However, most agencies work very closely with their clients as they develop the advertisements and select media, because it is the advertiser that ultimately approves (and pays for) the creative work and media plan.

Step 6. Mentoring, Evaluation and Control:

This stage determines how well the promotional programme is meeting communication objectives and helping the firm accomplish its overall marketing objectives. This stage is designed to provide managers with continual feedback concerning the effectiveness of the promotional programme which is used as input to subsequent promotional planning and strategy development.

1.5 ROLE OF ADVERTISING IN IMC

Advertising is one of the important elements of integrated marketing communication. It's the part that involves getting the word out concerning your business, product, or the services you are offering. Advertising and marketing are key elements in a company's success. One cannot be used without the other.

This essentially is charged with having a product or service and creating a need or a perceived desire of the consumer to buy it. The message is designed to create awareness that the product exists, how it will be of value to the consumer or make their lives easier because they have it and explain why they should buy it immediately.

This only equals one piece of the pie in the strategy. All of these elements must not only work independently but they also must work together towards the bigger goal. In today's oversaturated, fragmented media landscape, word-of-mouth marketing remains a cost-effective part of many advertisers' marketing mix. Advertising is to "display" one's wares. It is entirely passive.

It is a single aspect of marketing, which involves spreading the word about a business, product, or service offered to the public. Strategy is definitely a key part here, as there are many avenues to use. Advertising can serve for marketing well if it is suitable for the marketing strategy. It is a way to marketing the products or service of a company. Advertising is one of the keys to a successful business.

It isn't what it used to be. Media has changed dramatically. Advertising builds brand awareness, which builds trust and credibility. Of course, that translates to more purchases.

Advertising and promotions managers may travel to meet with clients or representatives of communications media. At times, public relations managers travel to meet with special-interest groups or government officials. It reaches people through varied types of mass communication. In everyday life, people come into contact with many different kinds of advertising.

Advertising Trojans make clandestine connections to ad servers behind your back, consume precious network bandwidth and may compromise the security of your data. The latest versions of these "ad-viruses" operate in full stealth and are nearly impossible to detect without advanced knowledge of the system environment.

1.6 SUMMARY

With the development of technologies and the increased popularity of social networks, integrated marketing communication has moved from telling and selling approach to one of listening and learning. Integrated marketing communication saves time which is often lost in figuring out the best marketing tool.

The use of IMC tools for sustainability enables a business to create the product consumption value, i.e., sufficient information for consumers and the need for sustainable products, deliberate and well- through- out buying decisions, buying, etc. Integrated marketing communication goes a long way in creating brand awareness among customers at a minimal cost.

Integrated marketing communication plays an integral role in communicating brand message to a larger audience. From the forgoing it can be adjudged that Integrated Marketing Communication is a basic necessity in the business of establishing and maintaining a brand. Integrated Marketing Communication involves combining tools or elements used to communicate a brand to the public.

In communicating the attributes of a brand, an integrated approach is imperative. Therefore, an organization that wants to achieve brand awareness must without fail integrate their communication process. Integrated marketing communication scores over traditional ways of marketing as it focuses on not only winning new customers but also maintaining long term healthy relationship with them.

1.7 EXERCISE

(A) QUIZ TIME (check your progress)

1. As marketers embraced the concept of integrated marketing communications, they began to rely primarily on media advertising. **(TRUE or FALSE)**
2. The integrated marketing communications approach calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning. **(TRUE or FALSE)**
3. The goal of integrated marketing communications (IMC) is to generate both short-term financial returns and build long-term brand and shareholder value. **(TRUE or FALSE)**
4. The non-personal nature of advertising means that there is generally ample opportunity for immediate feedback from the message recipient. **(TRUE or FALSE)**
5. An advantage of publicity over other forms of promotion is its credibility. **(TRUE or FALSE)**
6. The first step in the IMC\ planning process is to review the marketing plan and objectives. **(TRUE or FALSE)**

7. According to the American Marketing Association's definition of marketing, which of the following statements is true?
- A) Most marketers are seeking a one-time exchange or transaction with their customers.
 - B) The focus of production- driven companies is on developing and sustaining relationships with their customers.
 - C) Successful companies recognize that creating and delivering value to their customers is extremely important.
 - D) Though marketing plays an important role in developing relationships with customers, it does not help in maintaining them.
 - E) By definition, a marketing transaction has to involve the exchange of money.
8. The process of assimilating mass-media advertisements with other promotional elements such as direct marketing, public relations, and sales promotion is known as
- A) Media fragmentation.
 - B) Micromarketing.
 - C) Integrated Marketing Communications.
 - D) Social Media
 - E) Digital Advertising
9. The primary goal of an integrated marketing communications program is to
- A.) Have a company's entire marketing and promotional activities project a consistent, unified image to its customers.
 - B.) Control all facets of a product's distribution.
 - C.) Communicate with customers primarily through mass-media advertising.
 - D.) Have complete control over all the channel partners in the distribution channel and to slow down the rate of diffusion of a new product among the customers.
 - E.) Create a strong distribution network, via marketing, that is capable of destabilizing any competition.
10. The best-known and most widely discussed form of promotion is
- A.) Personal Selling.
 - B.) Sales Promotion.
 - C.) Direct Marketing.
 - D.) Advertising.
 - E.) Publicity/Public Relation.
11. _____ is a tool of direct marketing that is used to call customers directly and attempts to sell them products and services or qualify them as sales leads.
- A.) Bait advertising
 - B.) Buzz marketing

- C.) Telemarketing
- D.) Switch marketing
- E.) B2B marketing

12. _____ includes those marketing activities that provide extra value or incentives for purchasing a product, such as coupons and premiums.

- A.) Direct Marketing
- B.) Advertising
- C.) Public Relations
- D.) Sales Promotion
- E.) Publicity

13. Sales promotions targeted at the ultimate users of a product, such as sampling, coupons, contests, or sweepstakes, are part of _____.

- A.) Consumer-oriented Sales Promotion.
- B.) Trade-oriented Sales Promotion.
- C.) Buzz Promotion.
- D.) Bait-and-Switch Sales Promotion.
- E.) Channel-initiated Sales Promotion.

14. _____ refers to non-personal communication regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship.

- A.) Advertising
- B.) Sales Promotion
- C.) Publicity
- D.) Public Relations
- E.) Telemarketing

15. When an organization systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, it is engaging in a function known as

- A.) Buzz Marketing.
- B.) Reactive disinformation.
- C.) Bait-and-switch Marketing.
- D.) Public Relations.
- E.) Sales Promotion.

(B) THEORY QUESTIONS

- Q.1) Define Integrated Marketing Communication (IMC).
- Q.2) State the main tools of Integrated Marketing Communication.
- Q.3) State the importance of Integrated Marketing Communication.
- Q.4) What are the steps involved in framing Integrated Marketing Communication?

SOLUTION to the QUIZ:

1. As marketers embraced the concept of integrated marketing communications, they began to rely primarily on media advertising.

FALSE

As marketers embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of a variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists.

2. The integrated marketing communications approach calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning.

TRUE

The integrated marketing communications approach seeks to have all of a company's marketing and promotional activities project a consistent, unified image to the marketplace. It recognizes that every customer interaction with a company or brand across a host of contact points represents an opportunity to deliver on the brand promise, strengthen customer relationships, and deepen loyalty.

3. The goal of integrated marketing communications (IMC) is to generate both short-term financial returns and build long-term brand and shareholder value.

TRUE

Integrated marketing communications is a strategic business process used to plan, develop, execute, and evaluate coordinated, measurable, persuasive brand communications programs overtime with consumers, customers, prospects, employees, associates, and other targeted relevant external and internal audiences. The goal is to generate both short-term financial returns and build long-term brand and shareholder value.

4. The non-personal nature of advertising means that there is generally ample opportunity for immediate feedback from the message recipient.

FALSE

The non-personal nature of advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it.

5. An advantage of publicity over other forms of promotion is its credibility.

TRUE

Consumers generally tend to be less\ sceptical toward favourable information about a product or service when it comes from a source they perceive as unbiased.

6. The first step in the IMC\ planning process is to review the marketing plan and objectives.

TRUE

The first step in the IMC planning process is to review the marketing plan and objectives. Before developing a promotional plan, marketers must understand where the company (or the brand) has been, its current position in the market, where it intends to go, and how it plans to get there.

7. According to the American Marketing Association's definition of marketing, which of the following statements is true?

A.) Most marketers are seeking a one-time exchange or transaction with their customers.

B.) The focus of production- driven companies is on developing and sustaining relationships with their customers.

C.) Successful companies recognize that creating and delivering value to their customers is extremely important.

D.) Though marketing plays an important role in developing relationships with customers, it does not help in maintaining them.

E.) By definition, a marketing transaction has to involve the exchange of money.

8. The process of assimilating mass-media advertisements with other promotional elements such as direct marketing, public relations, and sales promotion is known as

A) Media fragmentation.

B) Micromarketing.

C) Integrated Marketing Communications.

D) Social Media

E) Digital Advertising

9. The primary goal of an integrated marketing communications program is to

A.) Have a company's entire marketing and promotional activities project a consistent, unified image to its customers.

B.) Control all facets of a product's distribution.

C.) Communicate with customers primarily through mass-media advertising.

D.) Have complete control over all the channel partners in the distribution channel and to slow down the rate of diffusion of a new product among the customers.

E.) Create a strong distribution network, via marketing, that is capable of destabilizing any competition.

10. The best-known and most widely discussed form of promotion is

A.) Personal Selling.

B.) Sales Promotion.

C.) Direct Marketing.

D.) Advertising.

E.) Publicity/Public Relation.

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B.) Advertising

C.) Public Relations

D.) Sales Promotion

E.) Publicity

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- D.) Public Relations
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- B.) Reactive disinformation.
- C.) Bait-and-switch Marketing.
- D.) Public Relations.**
- E.) Sales Promotion.



ADVERTISING

Unit Structure:

- 2.0 Objectives
- 2.1. Introduction to Advertising
- 2.2. Features
- 2.3. Evolution of Advertising
- 2.4. Active Participants
- 2.5. Importance of Advertising
- 2.6. Conclusion
- 2.7. Exercise

2.0 OBJECTIVES

After studying the unit the students will be able:

- To understand the basic concepts of advertising by learning its characteristics, objectives and types.
- To study the various features and active participants of advertising
- To study the evolution of advertising and its role in marketing mix
- To learn the advantages and importance of advertising to a business firm and the consumers
- To study the classification of advertising based on different aspects

2.1. INTRODUCTION TO ADVERTISING

2.1.1 Meaning and Definition

Advertising is the action of calling public attention to an idea, good, or service through paid announcements by an identified sponsor.

Advertising involves paying to widely spread a message that identifies a brand (product or service) or an organization being promoted to many people at one time. The typical media that organizations utilize for advertising includes television, magazines, newspapers, the Internet, direct mail, and radio. Businesses are also advertising on social media such as Facebook, blogs, Twitter, and mobile devices. Each medium (television or magazines or mobile phones) has different advantages and disadvantages.

According to Kotler –

“Advertising is any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor.”

According to the Advertising Association of the UK –

“Advertising is any communication, usually paid-for, specifically intended to inform and/or influence one or more people.”

A simpler (and modern) definition of advertising can be –

“A paid communication message intended to inform people about something or to influence them to buy or try something.”

For example, mobile phones provide continuous access to people on the go although reception may vary in different markets. Radios, magazines, and newspapers are also portable. People tend to own more than one radio, but there are so many radio stations in each market that it may be difficult to reach all target customers. People typically are doing another activity (e.g., driving or studying) while listening to the radio, and without visuals, radio relies solely on audio. Both television and radio must get a message to consumers quickly. Although many people change channels or leave the room during commercials, television does allow for demonstrations. In an effort to get attention, advertisers have changed the volume for television commercials for years.

2.1.2 CHARACTERISTICS OF ADVERTISING

- **Paid Form:** Advertising requires the advertiser (also called sponsor) to pay to create an advertising message, to buy advertising media slot, and to monitor advertising efforts.
- **Tool for Promotion:** Advertising is an element of the promotion mix of an organization.
- **One Way Communication:** Advertising is a one-way communication where brands communicate to the customers through different mediums.
- **Personal or Non-Personal:** Advertising can be non-personal as in the case of TV, radio, or newspaper advertisements, or highly personal as in the case of social media and other cookie-based advertisements.

2.1.3 OBJECTIVES:

There are three main objectives of advertising. These are:

1. **To Inform:** Advertisements are used to increase brand awareness and brand exposure in the target market. Informing potential customers about the brand and its products is the first step towards attaining business goals.
2. **To Persuade:** A persuading customer to perform a particular task is a prominent objective of advertising. The tasks may involve buying or trying the products and services offered, to form a brand image, develop a favourable attitude towards the brand etc.
3. **To Remind:** Another objective of advertising is to reinforce the brand message and to reassure the existing and potential customers about the brand vision. Advertising helps the brand to maintain top of mind awareness and to avoid competitors stealing the customers. This also helps in the word of mouth marketing.

Other objectives of advertising are subsets of these three objectives. Advertising plays role in marketing process to achieve followings things:

4. **Brand Positioning:** It helps in shaping or improving the image and perception that people have about the brand.
5. **To Remind Audience:** To make people recall the brand in case they have forgotten or to instil the brand's name in people's mind further.
6. **To Excite or Create a Need:** Advertising displays tempting, exciting or compelling content that makes people crave for the product. It's also used to generate a need by telling people that they need the product or service.
7. **To Generate Awareness:** It helps in making people aware of the brand in case it is new or not too popular brand.
8. **To Increase Outreach:** It helps in spreading the word about the brand by creating a quality and viral content through Advertising.

With the development of technologies and the increased popularity of social networks, integrated marketing communications have moved from the telling and selling approach to one of listening and learning. With the development of technologies and the increased popularity of social networks, integrated marketing communications have moved from the telling and selling approach to one of listening and learning with the development of technologies and the increased popularity of social networks,

integrated marketing communications have moved from the telling and selling approach to one of listening and learning.

2.1.4 TYPES OF ADVERTISING

Advertising activities can be categorized into above the line, below the line, and through the line advertising according to their level of penetration.

Above the line advertising include activities that are largely non-targeted and have a wide reach. Examples of above the line advertising are TV, radio, & newspaper advertisements.

Below the line advertising include conversion focused activities which are directed towards a specific target group. Examples of below the line advertising are billboards, sponsorships, in-store advertising, etc.

Through the line advertising include activities which involve the use of both ATL & BTL strategies simultaneously. These are directed towards brand building and conversions and make use of targeted (personalized) advertisement strategies. Examples of through the line advertising are cookie based advertising, digital marketing strategies, etc.

Advertising activities can also be categorized into 5 types based on the advertisement medium used. These types of advertisements are:

Print Advertising: Newspaper, magazines, & brochure advertisements, etc.

Broadcast Advertising: Television and radio advertisements.

Non-broadcast: Cinema, CCTV, local cable TV, etc.

Outdoor Advertising: Hoardings, banners, flags, wraps, etc.

Transit or vehicular: Railways, Public transport buses and Tramps, etc.

The point of purchase: Hangings on stores, Banners, Pamphlets, Stickers, Window Display, Painted signs, etc.

Digital Advertising: Advertisements displayed over the internet and digital devices.

Product/Brand Integration: Product placements in entertainment media like TV show, YouTube video, etc.

Specialty media: Calendars, T-shirts, badges, caps, keychains, Diaries, etc.

Virtual media: Online Blogs, forums, social media websites, email ads, etc.

Miscellaneous: Direct mail advertising, Trolleys at the airport, Carts in departmental stores, etc.

2.2 FEATURES OF ADVERTISING

Advertising is the art of influencing human action and awakening of a desire to possess products and services. It is a mass persuasion activity duly sponsored by the manufacturer, retailer, or dealer for whom the advertising is done.

Following are the key features of advertising:

1. **Provides information:** Advertising's primary purpose is to provide information about products or services to the prospective buyers. The details of products such as features, uses, prices, benefits, manufacturer's name, so on; are in the advertisements. The key message and brand name are also there. The information supplied educates and guide consumers and facilitate them to make a correct choice while buying a product.
2. **Payment of Money:** One of the features of advertising is to pay the money for the advertising. Advertisement appear in the newspapers, magazines, televisions, cinema screens and website search engine pages because the advertiser has purchased some time/ space to communicate information to the potential customers. The advertiser must pay money for the advertising activities. He also decides the size, slogan, etc. given in the advertisement. Advertising is always a paid form of communication and hence commercial in nature. Thus, advertising can clarify be distinguished from publicity which is not paid for by the sponsor.
3. **Non-personal presentation:** Advertising is non-personal in character as against salesmanship, which is a personal or face to face communication. Here, the message is given to all and not to one specific individual. This rule is applicable to all media including the press. However, even in it, target consumers or target market can be selected for making an AD appeal.
4. **Publicity:** Advertising publicizes goods, services, ideas and event events. It is primarily for giving information to consumers. This information is related to the features and benefits of goods and services of different types. It offers new ideas to customers as its contents are meaningful. The aim is to make the popularize ideas and thereby promote sales. For example, an advertisement for family planning, family welfare, and life insurance is useful for placing new ideas before the people.
5. **Primarily for Persuasion:** Advertising aims at the persuasion of potential customers. It attracts attention towards a particular product, creates a desire to have it, and finally induces consumers to visit the market and purchase the same. It has a psychological impact on consumers. It influences their buying decisions.
6. **Target oriented:** Advertising becomes effective and result-oriented when it is target oriented. A targeted advertisement intensively

focuses on a specific market or particular groups of customers (like teenagers, housewives, infants, children, etc.). Here, the selection of a particular market is called a target market.

7. **Art, science and profession:** Advertising is art, science and a profession, and this is now universally accepted. It is an art as it needs creativity for raising its effectiveness. It is a science as it has its principles or rules. It is also a profession as it has a code of conduct for its members and operates within standards set by its organized bodies. In its field, AD Agencies and space brokers function as professionals.
8. **The element of a marketing mix:** Advertising is an important part of a marketing mix. It supports the sales promotion efforts of the manufacturer. It makes a positive contribution to sales promotion provided other elements in the marketing mix are reasonably favourable. It is alone inadequate for promoting sales. Many companies now spend huge funds on advertisements and public relations.
9. **Creativity:** Advertising is a method of presenting a product in an artistic, attractive and agreeable manner. It is possible through the element of creativity. The creative people (professionals) introduce creativity in advertisements. Without it, the Ads won't succeed. Therefore, creativity is called the 'Essence of Advertising.'

2.3 EVOLUTION OF ADVERTISING

In the ancient and medieval world such advertising as existed was conducted by word of mouth. The first step toward modern advertising came with the development of printing in the 15th and 16th centuries. In the 17th century, weekly newspapers in London began to carry advertisements, and by the 18th century such advertising was flourishing.

The great expansion of business in the 19th century was accompanied by the growth of an advertising industry; it was that century, primarily in the United States, that saw the establishment of advertising agencies. The first agencies were, in essence, brokers for space in newspapers. But by the early 20th century agencies became involved in producing the advertising message itself, including copy and artwork, and by the 1920s agencies had come into being that could plan and execute complete advertising campaigns, from initial research to copy preparation to placement in various media.

Advertising developed in a variety of media. Perhaps the most basic was the newspaper, offering advertisers large circulations, a readership located close to the advertiser's place of business, and the opportunity to alter their advertisements on a frequent and regular basis. Magazines, the other chief print medium, may be of general interest or they may be aimed at specific audiences (such as people interested in

outdoor sports or computers or literature) and offer the manufacturers of products of particular interest to such people the chance to make contact with their most likely customers. Many national magazines publish regional editions, permitting a more selective targeting of advertisements. In Western industrial nations television and radio became the most pervasive media. Although in some countries radio and television are state-run and accept no advertising, in others advertisers are able to buy short “spots” of time, usually a minute or less in duration. Advertising spots are broadcast between or during regular programs, at moments sometimes specified by the advertiser and sometimes left up to the broadcaster. For advertisers the most important facts about a given television or radio program are the size and composition of its audience. The size of the audience determines the amount of money the broadcaster can charge an advertiser, and the composition of the audience determines the advertiser’s choice as to when a certain message, directed at a certain segment of the public, should be run. The other advertising media include direct mail, which can make a highly detailed and personalized appeal; outdoor billboards and posters; transit advertising, which can reach the millions of users of mass-transit systems; and miscellaneous media, including dealer displays and promotional items such as matchbooks or calendars.

In the 21st century, with an intensely competitive consumer market, advertisers increasingly used digital technology to call greater attention to products. In 2009, for example, the world’s first video advertisements to be embedded in a print publication appeared in *Entertainment Weekly* magazine. The thin battery-powered screen implanted in the page could store up to 40 minutes of video via chip technology and automatically began to play when the reader opened the page.

For an advertisement to be effective, its production and placement must be based on a knowledge of the public and a skilled use of the media. Advertising agencies serve to orchestrate complex campaigns whose strategies of media use are based on research into consumer behaviour and demographic analysis of the market area. A strategy will combine creativity in the production of the advertising messages with canny scheduling and placement, so that the messages are seen by, and will have an effect on, the people the advertiser most wants to address. Given a fixed budget, advertisers face a basic choice: they can have their message seen or heard by many people fewer times, or by fewer people many times. This and other strategic decisions are made in light of tests of the effectiveness of advertising campaigns.

There is no dispute over the power of advertising to inform consumers of what products are available. In a free-market economy effective advertising is essential to a company’s survival, for unless consumers know about a company’s product they are unlikely to buy it. In criticism of advertising it has been argued that the consumer must pay for the cost of advertising in the form of higher prices for goods; against

this point it is argued that advertising enables goods to be mass marketed, thereby bringing prices down. It has been argued that the cost of major advertising campaigns is such that few firms can afford them, thus helping these firms to dominate the market; on the other hand, whereas smaller firms may not be able to compete with larger ones at a national level, advertising at the local level or online enables them to hold their own. Finally, it has been argued that advertisers exercise an undue influence over the regular contents of the media they employ—the editorial stance of a newspaper or the subject of a television show. In response it has been pointed out that such influence is counteracted, at least in the case of financially strong media firms, by the advertiser's reliance on the media to convey a message; any compromise of the integrity of a media firm might result in a smaller audience for the advertising.

2.4 ACTIVE PARTICIPANTS IN ADVERTISING:

Participants are individuals/ organizations that are actively involved in advertising.

Advertisers

- **Sellers of the product.** They make final decisions about target audience, ad campaign duration, ad budget, advertising media, etc.

Example: Advertisers like Nike, Pepsi, MRF, and Nestle are clients of JWT.

Advertising Agencies

An advertising agency is a third party organization of creative people who plan, prepare, and place ads in advertising media so that sellers can reach to customers for their goods and services.

Example: JWT is a leading Indian advertising agency.

Audience

Recipients of ads. It includes readers, listeners, or viewers, depending on the medium used.

Example: For Nestle, the audience included people from age group of 5 to 60 years, as they have products across all age groups.

Advertising Media

Communication channels through which ads are transmitted to the audience.

Example: Popular media include newspapers, television, radio, posters, and billboards.

Advertising Production Firms

Companies that convert the concept of an ad into a finished form. Such firms include artists, photographers, typographers, copywriters, producers, and layout designers.

Government Authorities

Government laws and regulations may directly or indirectly affect advertising.

Example: Ads of liquor and tobacco products are not allowed on mass media advertising platforms such as TV and radio.

Advertising Production People (Artsits)

The production of impressive and persuasive advertisements is possible only with the active help and creative spirit of the artists like copywriters, artists, photographers, typographers, layout designers, editors and such other creative people. Such people are usually employed by the ad agencies or, their services may be hired by the ad agencies on job basis.

Mass Media

Mass media refers to tactics like television ads, radio ads, and blimp ads. It requires pretty much zero customer involvement; all that it asks for the customer to do is to listen. Social media marketing can also be used for mass media purposes.

1. **Advertiser:** The advertiser can be any firm, individual, Government or social organization who wants to advertise their products, services or highlight any social issues or ideas to general public to raise their awareness levels and promote their products and ideas. This group also includes retailers as they also display various products in their shops for selling them to the customers.
2. **Target Audience:** Target audience refers to the desired audience to whom a manufacturer wants to target for promoting and selling his products. Target audience may include only a particular segment of customers or mass audience. Through advertising, that manufacturer tries to arouse interest in its desired audience so that they get attracted towards his products and ultimately get persuaded to buy them. Thus, the target audience refers to the recipient of the messages advocated by the advertisements.
3. **Advertising Agencies:** Advertising agencies consist of highly creative and professionalized people who are entrusted with the task of designing, developing and producing ads and showing and printing them through appropriate media i.e. T.V., magazines, newspapers, radio, publications, etc. These agencies are service based business and so charge their clients for producing and popularizing their products, services or ideas amongst masses through advertisements. Advertising agencies are creative teams consisting of layout designers, editors, photographers, copywriters, artists, etc. These agencies even undertake market research on behalf of their clients. In short, advertising agencies are the medium through which a firm, individual, social or Government organization can promote and communicate about its goods, services and ideas amongst the masses.
4. **Advertising Production People:** Advertising production people comprise of all those who are directly or indirectly concerned with production and development of advertisements. Attractive and persuasive advertisements are a result of the collective efforts put in by layout designers, editors, photographers, copywriters, artists, etc., who comprise the advertising production people. These people are

employed by ad agencies or their services are hired by ad agencies for carrying out the functions of designing and producing ads. It requires a high degree of creativity, skills and talent on the part of these people to plan and develop an advertisement that would spread the message of the advertisement effectively amongst the masses.

5. **Target Audience (Readers, Listeners, Viewers and Present and Future Buyers):** The target audience comprise of the readers, listeners, viewers and present and future buyers who are the recipients of the messages given by advertisements about any product, service or idea. The target audience can be grouped into three groups as follows: a) Consumers who are loyal to a particular brand and through advertisements they are persuaded to stick to the brand. b) Consumers who are loyal to a competitor's brand and so through advertisements they are persuaded to switch to the brand advertised by highlight its better features, usage and benefits as compared to its competitor's brand. c) Consumers who do not use any such product which is advertised. Thus, they too, are persuaded to buy the advertised product and gain benefits out of it.
6. **Mass Media:** Mass media includes T.V, newspapers, radio, magazines, publications, internet, websites, etc through which the advertising messages are to be highlighted and communicated to the masses. Depending on the type of the advertising message and the target audience, an appropriate medium for communicating the message is to be chosen by the advertising agencies. The main elements of mass media are listed as follows:
 - (a) **Print Media:** It includes those sources which print and publish the advertising messages. Print media comprises of newspapers, magazines, publications, journals, etc.
 - (b) **Electronic Media:** People can even obtain information about various products, services and ideas through electronic media which includes internet, ads shown on television, radio, multimedia, etc.
 - (c) **Outdoor Media:** Outdoor media consists of neon signs, billboards, posters, hoardings, air balloons, handbills, etc.
 - (d) **Direct Mail:** Advertising messages can even be communicated directly to the target audience by sending them letters, brochures, pamphlets, leaflets, etc.
7. **Government Authorities:** The advertising field is bound with certain well defined norms, standards and code of conduct laid down by various advertising regulating authorities. All advertising firms are bound to function within these standards and norms. The

Government frames various laws and regulations which all advertising firms are required to follow. In India, advertising regulating authorities include, The Advertising Standards Council of India (ASCI) and Audit Bureau of Circulation (ABC).

8. **Advertising Production Firms:** As the name suggests, advertising production firms are engaged with production and development of advertisements. By securing the collective help and creativity of the advertising production people, these firms produce advertisements of their clients. The advertising production firm is responsible for planning, designing, and producing a final ad to transmit the advertising effectively amongst the masses.

2.5 IMPORTANCE OF ADVERTISING

Advertising plays a very important role in today's age of competition. Advertising is one thing which has become a necessity for everybody in today's day to day life, be it the producer, the traders, or the customer. Advertising is an important part. Let's have a look on how and where is advertising important:

2.5.1 ROLE OF ADVERTISING IN MARKETING MIX

Advertising technically lies within the "Promotion" part of the Marketing Mix, but it applies to all the other "P's" as well. Promoting your business is one of the key ingredients to making your business successful. Promotion, along with a great product, key placement, and an affordable price, will help you work your way to the top.

Promoting yourself does not mean leaving your advertising up to the word of mouth of your current customer. Word of mouth is not technically a form of advertising for a business because advertising is supposed to help your business. With word of mouth there are a few things you can't control, such as:

- (i) You can't control what is said about your company
- (ii) You can't control when your company is being talked about
- (iii) You can't control the accuracy of information given to others.

Not being able to control these things may lead to the downfall of your company.

Taking control of these three things is very important when it comes to the success of your business. That is why there is advertising made by your company for your company. Whether you choose a flyer, brochure, commercial, paper ad, or a website, getting your name out there in a good light, at the appropriate time and with correct information is the key to helping your business succeed.

The variables of marketing mix that are affected by advertising are:

(a) Advertising and Product: A product is normally a set of physical elements, such as quality, shape, size, colour and other features. The product may be of very high quality. At times, the product is so designed that it requires careful handling and operations. Buyers must be informed and educated on the various aspects of the product. This can be effectively done through advertising. So, advertising plays the role of information and education.

(b) Advertising and Price: The price is the exchange value of the product. A marketer may bring out a very high quality product with additional features as compared to competitors. In that case, price would be definitely high, but buyers may not be willing to pay. This is where advertising comes in. Advertising can convince buyers regarding the superiority of the brand and thus its value for money. This can be done by associating the product with prestigious people, situations, or events. Alternatively, when a firm offers a low price product the job of advertising needs to stress the price advantage by using hard-hitting copy. It is not just enough to convince the buyer, but it is desirable to persuade the buyers. In essence, advertising plays the role of conviction and persuasion.

(c) Advertising and Place: Place refers to physical distribution and the stores where the goods are available. Marketer should see to it that the goods are available at the convenient place and that too at the right time when the buyers need it. To facilitate effective distribution and expansion of market, advertising is very important. Effective advertising helps in effective product distribution and the market expansion.

(d) Advertising and Promotion: Promotion consists of advertising, publicity, personal selling and sales promotion technique. Business people today have to face a lot of competition. Every seller needs effective promotion to survive and succeed in this competitive business world. Advertising can play a significant role to put forward the claim of seller, and to counter the claims of competitor. Through effective advertising, sellers can face competition and also help to develop brand image and brand loyalty.

(e) Advertising and Pace: Pace refers to the speed in marketing decisions and actions. It involves among other things the launch of new products or brand variations at greater speed than before. When new brands are launched, advertising plays an important role of informing, educating and persuading the customers to buy the product.

(f) Advertising and Packaging: The main purpose of packaging is protecting of the product during transit, and preservation of quality and quantity. Today, marketers make a lot of effort to develop and design attractive packages as they carry advertising value. A creatively designed

package attracts the attention of customers. It also carries an assurance of quality and creates confidence in the minds of customers to buy the product.

(g) Advertising and Positioning: Product positioning aims at creating and maintaining a distinct image of the brands in the minds of the customers. Through advertising the marketer can convey the positioning of the brand and accordingly can influence the buying decision of the target audience.

Thus, we can conclude by saying, advertising is an essential part of the marketing mix and is used to promote sales, to introduce new products, to create a good public image for a company, assist in large scale of production of products, and for educating people about a new product.

2.5.2 Benefits of Advertising to the Business Firms

There are number of advantages of advertising and without advertising today it has become hard to market your product. Advertising is an art of influencing the customers through paid non personnel presentation to purchase and possess a product. It is possible to formulate the definition of advertising as an instrument of marketing communication oriented to the dissemination of information with the aim of attracting customers to the goods and services of the company.

Thus, advertising has the following **advantages/ benefits to a business firm:**

1. **Awareness:** Advertising increases the brand and product awareness among the people belonging to the target market.
2. **Brand Image:** Clever advertising helps the business to form the desired brand image and brand personality in the minds of the customers.
3. **Product Differentiation:** Advertising helps the business to differentiate its product from those of competitors' and communicate its features and advantages to the target audience.
4. **Increases Goodwill:** Advertising reiterates brand vision and increases the goodwill of the brand among its customers.
5. **Value for Money:** Advertising delivers the message to a wide audience and tends to be value for money when compared to other elements of the promotion mix.

2.5.3 Benefits of Advertising to the Customers

Advertising not only benefits the producers and traders but benefits the customer as well. Advertising provides awareness of the existence of the product to the customer. Customer satisfaction is of immense priority in modern marketing and the importance of advertising can't be ignored as such. The importance of advertising to customers can be discussed under the following sub-head:

1. **Convenience:** When we know that we have to buy the product of a particular brand name, we shall not waste our time in searching out for the best one. We can make a choice even before we go to the market.
2. **Education of the consumers:** Advertisements help us to become aware of the uses of a new product and the functioning of the electronic items. If there are no advertisements, we shall never be able to know about the new companies that enter the market or the introduction of new and better products in the market.
3. **Fair prices:** Advertisements reduces the cost of the product by providing the firms with the advantages of economies of scale and the elimination of the middleman. As a result, customers get goods at lower prices. Many expensive products of yesteryears have come within the reach of the common masses due to continuous advertising and consequent reduction in prices. Prices of widely advertised products tend to be stable during adverse business conditions such as depression.
4. **Better quality:** As said earlier, the producers always try to retain their old consumers and make new ones by introducing some special changes in their product to make them differentiable from the others. Manufacturers are forced to maintain better standards of the commodity to retain consumers.
5. **Contact between producers and consumers:** Advertisements provide links or contact numbers of the product or the service so that the consumers can report their grievances against the use of certain products so that the quality can be bettered. Hence, it brings the consumers and the producers closer to each other.

2.5.4 Benefits of Advertising to the Society

1. **Educate People:** Advertising has a remarkable ability to reach masses and educate the society. Therefore, many Governments and even Non-Governmental Organizations (NGO) often take help of advertisements to reach and educate people on important social issues. Thus, advertising plays a very important role in society.
Creative ads released in the public interest teach people about: Family planning, AIDS awareness, Saving water and electricity, Giving children compulsory education, Providing a right kind of nutrition to the mother and her new-born infant, Abolishing child labour, etc.
2. **Provides Employment:** Advertising helps to provide employment to persons engaged in writing, designing and issuing advertisements. Increased employment brings additional income with the people. It increases more demand in the market. Employment is further generated to meet the increased demand.

3. **Promote the Standard of Living:** Advertising helps to increase the standard of living of the people by increasing the variety and quality in consumption. It raises the standard of the people. As a result, it helps in sustained research and development activities by manufacturers.
4. **Sustains the Press and Other Media:** Advertising helps to sustain the press and other media by providing an important source of income to the press, radio, and television networks. The customers are also benefited because of the increased circulation of their publications. It also encourages commercial art.

2.6 CONCLUSION

Advertising is the best way to communicate to the customers. Advertising helps inform the customers about the brands available in the market and the variety of products useful to them. Advertising is for everybody including kids, young and old. It is done using various media types, with different techniques and methods most suited. The advertising is a highly cost incurring method, its efficiency and effectiveness should be ensured. It is for this purpose that the concept of scientific advertising should be carefully planned and efficiently implemented and promptly monitored and controlled.

2.7 EXERCISE

I.) QUIZ TIME to check your progress

1. The choice of medium of advertisement depends on the contents of the message.
 - a) True
 - b) False
2. The choice of medium of advertisement depends on the contents of the message.
 - a) True
 - b) False
3. Which of the following is true of advertising?
 - A) Advertising attempts to create a personal relationship with the consumers.
 - B) The nature and purpose of advertising is usually the same across various industries.
 - C) Advertising is a valuable tool for building brand and company equity.
 - D) Advertising is used only for the promotion of mass consumer products.
 - E) One disadvantage of advertising is that it is extremely personal to consumers.

4. Advertising involves dissemination of information about a produce, service to induce people to take actions beneficial to _____.

- A.) Advertiser.
- B.) Sponsor.
- C.) Marketing manager.
- D.) Firm.
- E.) Retailer.

5. Advertisement is a mass communication. It addresses to masses and it's a form of _____ communication.

- A.) Personal
- B.) Non personal
- C.) Direct
- D.) Indirect
- E.) None of these

6. With respect to consumer markets, advertising done by manufacturers of well-known brands on a countrywide basis or in most regions of the country is known as _____ advertising.

- A.) Professional
- B.) Trade
- C.) Business-to-business
- D.) National
- E.) Direct-response

7. Which of the following is a primary difference between publicity and advertising?

- A.) Unlike advertising, publicity is done only by retailers
- B.) Unlike publicity, advertising does not utilize mass media.
- C.) Unlike advertising, publicity is not paid for by the sponsoring organization.**
- D.) Unlike advertising, publicity is institutional in character.
- E.) Unlike publicity, advertising leads to less scepticism among consumers.

8. Which of the following is a similarity between publicity and advertising?

- A.) Both are nonpaid forms of communication.
- B.) Both are run by an unidentified sponsor.
- C.) Both involve non-personal communication to a mass audience.
- D.) Both are not directly paid for by the company.
- E.) Both frequently provide an opportunity for immediate feedback.

9. The development of the advertising message that the marketer wants to convey to its target audience is called the _____.

- A.) Creative strategy.
- B.) Media Strategy.
- C.) Distribution Strategy.
- D.) Channel Strategy.
- E.) User Strategy.

10. Advertisement is a type of _____.

- A.) Outdoor marketing.
- B.) Indirect marketing.
- C.) Share marketing.
- D.) Transaction marketing.
- E.) Relationship marketing.

11. The best advertisement is _____.

- A.) By emails.
- B.) Print media.
- C.) Television.
- D.) A satisfied customer.
- E.) Radio.

12. From the perspective of sales, advertisements are required for _____.

- A.) Profit.
- B.) Loss.
- C.) Increasing sales.
- D.) Decreasing sales.
- E.) None of these.

13. "Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified person". Who stated this?

- A.) Australian marketing Association
- B.) European marketing Association
- C.) China marketing Association
- D.) American marketing Association
- E.) Indian marketing Association

14. For making advertisements more effective, the manufacturers improve _____.

- A.) Existing products.
- B.) Advertisement style.
- C.) Marketing channel.
- D.) Sponsors.
- E.) None of these.

15. If the aim of the promotion to introduce a new consumer product is to achieve high awareness levels, the firm will mostly likely make heavy use of _____ in the promotional mix.

- F) Advertising
- G) Personal Selling
- H) Publicity
- I) Sales Promotion

II.) THEORY QUESTIONS

Q.1) Define Advertising and explain its nature and features.

Q.2) Explain the importance of Advertising.

Q.3) Enumerate the objectives of advertising in your own words.

Q.4) State the Active Participants in Advertising.

Q.5) What is the interface between Advertising and Brand building?

Q.6) Explain the main approaches in Brand building.

SOLUTION to the QUIZ

1) The choice of medium of advertisement depends on the contents of the message.

Ans. **True**

2) The choice of medium of advertisement depends on the contents of the message.

Ans. **True**

3) Which of the following is true of advertising?

Ans. **Advertising is a valuable tool for building brand and company equity.**

4) Advertising involves dissemination of information about a produce, service to induce people to take actions beneficial to **Advertiser.**

5) Advertisement is a mass communication. It addresses to masses and it's a form of **Non personal** communication.

6) With respect to consumer markets, advertising done by manufacturers of well-known brands on a countrywide basis or in most regions of the country is known as **National** advertising.

7) Which of the following is a primary difference between publicity and advertising?

Ans. **Unlike advertising, publicity is not paid for by the sponsoring organization.**

8) Which of the following is a similarity between publicity and advertising?

Ans. **Both involve non-personal communication to a mass audience.**

9) The development of the advertising message that the marketer wants to convey to its target audience is called the **creative strategy**.

10) Advertisement is a type of **indirect marketing**.

11) The best advertisement is **a satisfied customer**.

12) From the perspective of sales, advertisements are required for **increasing sales**.

13) "Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified person". Who stated this?

Ans. **American marketing Association**

14) For making advertisements more effective, the manufacturers improve **existing products**.

15) If the aim of the promotion to introduce a new consumer product is to achieve high awareness levels, the firm will mostly likely make heavy use of **advertising** in the promotional mix.



CLASSIFICATION OF ADVERTISING

Unit Structure:

- 3.0 Objective
- 3.1. Introduction
- 3.2. Types of Advertising
- 3.3. Classification of Advertising
- 3.4. Other types of Advertising
- 3.5. Summary
- 3.6. Exercise

3.0 OBJECTIVES

After studying the unit the students will be able:

- To learn different types of advertising based on its role and functions
- To study the broad classification of advertising based on different aspects: categorize advertising using function, region, target market, company demand and media used.
- To understand: *Social Advertising, Political Advertising, Advocacy Advertising, Retail Advertising.
- To explain Financial Advertising, Essentials for the success of financial advertising, Advantages of Financial advertising
- To explain Corporate Image Advertising, Public Relations Advertising, Institutional Advertising
- To explain Internet Advertising, Types, Advantage and disadvantages of Internet Advertising
- To understanding Product Advertising, Service Advertising, National Advertising, Retail Advertising

3.1 INTRODUCTION

Advertising intends to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These advertisements serve to communicate an idea to the public in an attempt to convince them to take certain

action, such as encouraging environment friendly behaviours, and even unhealthy behaviours through food consumption etc. To advertise is to draw the public's attention usually for the purpose of selling products, or services, through the use of various forms of media, such as print or broad cast and notices.

Advertising is not only used as a means to promote a company's products and services and to drive sales but as a means to build a brand identity and communicate changes of new product /service to the customers. Advertising has become an essential element of the corporate world and it is also the best known mass communication channel. Advertising provides a direct line of communication to the existing and prospective customers about the product or service.

3.2 TYPES OF ADVERTISING

Advertising is also classified according to their functions and role.

Some of the important classifications of advertising are as follows:

1. **Social Advertising:** Social Advertising is undertaken by non-commercial organisations such as Trust, Societies, and Charity Associations etc. The main objective of Social Advertising is to work for social cause. Advertisements for collecting donations for war victims or for victims of natural calamities, sales of tickets for a show etc. are examples of Social Advertising.
2. **Political Advertising:** Political advertising is undertaken by political parties to motivate the general public in favour of the ideology of the party in question. Political advertising is intensively made during election times to gain favour of the voters. Such advertising promotes plans and policies of the concerned party. It also tries to expose weaknesses of the opposition with a view to convince the voters to vote for their party's candidates. Some political advertisement is also made to assist the Government to implement its schemes for rehabilitation and national reconstruction. Advertisement issued by a political party is essentially a political advertising.
3. **Advocacy Advertising:** We often come across advocacy advertisement relating to the use of family planning methods, Conservation of scarce resources, maintaining green environment, etc. An extreme example occurred in the 1960s, when a private citizen bought a two-page advertisement in the New York Times at a cost of \$12,000 to offer his peace plan for ending the war in Vietnam. In 1974, Mobil Oil Company began advocacy advertising concerning the need for offshore oil drilling

to alleviate the energy crisis that existed at the time. NBC accepted the television commercial, but ABC and CBS did not, because of the controversial nature of the topic. As a result, Mobil Oil Company took out full-page newspaper ads, which reproduced in print the visuals and text for the commercial. This is designed to alert people to the fact that such ads are not editorials or informational pieces, but are specifically served as advertisements. Companies can place advocacy advertisement on billboards, in print magazines and newspapers, online, and on television. In fact, many advertising firms consider candidates who have completed advertising internships far more attractive than those who have not. If you are planning to begin your career in advertising in the creative department of an advertising firm, a bachelor's degree may not be as essential.

4. **Retail Advertising:** Retail advertising is the advertising by retailers who usually sell goods direct to the customers. Retail advertising has such objectives as:
 - i) to sell the stock;
 - ii) to establish the identify of business;
 - iii) to attract personal, telephone or mail order shoppers.

Retail advertising is done through window display, neon signs, posters, leaflets etc. It is usually local in character. The various advertising approaches of Akbarallys, Amarsons, Asiatic Departmental Stores are the examples of retail advertising.

5. **Financial Advertising:** When an advertising message is directed to attract for raising capital, it is called financial advertising. The banks, insurance companies and commercial undertakings collect required funds from the savings of the people by motivating them to post-pone present expenditure to future-period. An investor considers two things before investing his hard earned savings.

(1) Safety of investment (2) Return on investment

The safety of investment depends upon the reputation and goodwill of the company and the properties possessed by it. The institutional advertising helps in creating confidence in the minds of the investors. The financial advertisements inform the investors about the past performance in declaring dividends and the trend in declaring of dividend. The dividend depends upon the profitability of the company. The company with the help of charts, diagrams etc. communicate the rate of growth and rate at which profit is increasing. The financial advertising aims at establishing financial, solvency of the company in the minds of the prospective investors. It is because of financial advertising the company have succeeded in floating of mega issue of shares arc in cores. The financial advertising aims at

establishing financial solvency of the company in the minds of the prospective investors.

- **Essentials for the Success of Financial Ads:**

No financial ad campaign, howsoever creative and persuasive it may be, can produce the desired result, unless the following conditions are satisfied.

- (a) The performance and image of the company and its future prospects must be good.
- (b) The premium, charged on the share price, must be fair and reasonable.
- (c) The brokers and underwriters must extend unqualified support to the company.
- (d) The company should get wide publicity from the press through press conferences.
- (e) True statement of facts, made in the ads.
- (f) Finally, financial climate of the country plays an important role.

- **Advantages of Financial Advertising:**

Following are main advantages of financial advertising:

- (g) Financial advertising transmits to target consumers all the material information about new investment opportunities for investment of savings, or, surplus funds.
- (h) It provides education and guidance to consumers in respect of their investments in shares, debentures, and public funds, off companies.
- (i) It serves as a reminder to consumers to take suitable follow up action on their part.
- (j) It helps to tap yet untapped rich areas in mini-metros, small towns, and even in villages for financial institutions.
- (k) As financial ads are required to give the required information about the aims, objective business operation, for which additional funds are required by the advertiser, the company gets wide publicity through such ads.
- (l) Financial advertising serves as a backbone to brokers as well as underwriters, who are the “intermediaries” between the advertiser and the clients.
- (m) Finally, financial advertising indirectly aids and supports the economic and industrial growth of the country by mobilizing public funds for expansion and diversification of business.

6. **Corporate Image Advertising:** Corporate Image advertising is designed or aimed to create a proper attitude towards the seller

and to build goodwill or image for the advertiser (manufacturing concern or the selling concern) rather than to sell a specific product or service. Institutional advertising is done to build good public relations image in the market for the marketer and a patronage for its product or products. Institutional advertising can therefore be patronage advertising and public relations service advertising. Public relations institutional advertising is aimed to create a favourable image of the company (advertiser) among employees, investors or general public. Public service institutional advertising aims at changing the attitudes or behaviour of the people to the good of the community or public at large. Patronage advertising is aimed to attract customers by appealing to their patronage buying motives rather than product buying motives. Most of the companies are successful in making their image in the minds of the people by using their names, such as Bata, Tata, Dunlop, J.K., Bombay Dyeing, etc.

7. **Public Relations Advertising:** It is a part of institutional advertising. The basic objective of public relations advertising is to establish cordial and healthy relations with the customers, bankers, suppliers, government patrons and the general public. Through public relations advertising company announces the changes in its policies, its developmental activities its position and stand when the employees are on strike. It helps the company to eliminate wrong concepts about the company created by disinterested groups. During the periods of short supply of goods, the public relations advertising helps to hold the interest of the customers. The company assures about the normalcy of supply and request its customers to bear with the company. Institutional advertising and public relations advertising are complimentary to each other. Both are directed in building up corporate image. There are several reasons as to why a corporate firm may resort to public relations advertising. The reasons are:

- (a) To create a favourable image of the organisation.
- (2) To secure and keep good suppliers.
- (3) To build goodwill of the dealers.
- (4) To arouse and serve customers in a better way.
- (5) To arouse interest of the present and potential shareholders.
- (6) To correct misconceptions about the firm during strikes.
- (7) To win confidence of its employees.
- (8) To render community service.
- (9) To make people aware of social evils, health hazards, etc.
- (10) To obtain public support for certain cause.

8. **Institutional Advertising:** The object of institutional advertising is to build manufacturers reputation in the minds of the public in general. The advertising message is directed to tell about the Company, its people, its contribution in promoting social welfare activities, in promoting consumer satisfaction its achievements in technology its broad philosophies, its share in economic progress of the Company etc. Such advertisements do not bring benefits in the form of higher sales immediately. But they create good footing for the company in the long run. The competitive strength of the company goes up with the enhancement of corporate image. It is much easier for a highly reputed company to launch a new product in the market. Basically the institutional advertising aims at getting public support for raising the capital through public subscription. The following points are normally referred in institutional ads:
 - (1) Research & Development of the firm.
 - (2) Number of factories or branches of the firm.
 - (3) The number of employees and facilities provided to them.
 - (4) Foreign collaborations, if any.
 - (5) Distribution network of the firm.
 - (6) Market position of the firm.
 - (7) Products or services offered by the firm.
 - (8) Social welfare programmes undertaken by the firm, etc.
9. **Internet Advertising:** The Internet facility has been around for some 30 years. It actually began in the early 1960s in USA, where the U. S. Department of Defence saw it as a means of supercomputer communication for researchers and military facilities across the country. Until its commercial explosion in 1990s, the Internet remained a relatively obscure network of linked computers - mostly by academics, military researchers, and scientists around the world to send and receive electronic mail, transfer files, and find or retrieve information from databases – At present, Internet the fastest growing medium in history, offers incredible opportunities for a wide range of people in both business and advertising. For advertisers, there is a whole new world of potential customers.
10. **Primary Demand Advertising:** The main objective of Primary demand advertising is to create demand for a new product or product category. This is necessary in the case of a newly developed product or the products which are costly in nature. For example, cars, refrigerators, washing machines, watch, etc. Such advertising is directed towards a class of customers; it is also described as selective demand advertising. It is heavily utilised during the introduction stage of product life cycle.

Primary demand is when a potential buyer, or prospect, is showing interest in a product or service for the first time. Often times it is because the prospect was never exposed to the concept of the product or service or never really understood it. But now due to new circumstances he/she has an apparent need all of a sudden.

11. **Selective Demand Advertising:** Selective demand advertising is done to meet the growing competition mainly in growth stage of the life cycle of the product. Here, the goal of advertising is to push the demand of specific product or service. Often, promotion becomes less informative and more emotional during this phase. Advertising may begin to stress subtle differences in brands with emphasis on brand name recall. At this stage, pricing may also be used as a weapon because products of all the competitors are almost similar in quality. Selective demand is when a prospect has a need, has identified the need, and is actively seeking out a solution. In these cases, the prospect will come to you if he feels comfortable in your company's ability to solve his needs. When someone has selective demand they are more proactive in their search for information. They usually give themselves enough time to compare the quality, value, and offers of different companies. So while they are calling you they are also likely calling others as well.
12. **Product Advertising:** Product Advertising refers to the advertising of tangible product. It is for the marketing of the product, advertising as a powerful instrument has emerged. A product may be anything in which a trader deals or trade. A product may be tangible or intangible. Products like radio, soap, pen cloth etc. are tangible products and services of professional people like doctors, lawyers, engineers etc. are intangible products. The fundamental of any advertising campaign is to establish the fact that among the substitutes the product advertised is the best. Thus product is the heart of any advertising programme. Advertising makes possible for the smooth entry of the new product in to the market.
13. **Service Advertising:** Service advertising is designed to operate in the public interest. It is undertaken to seek public welfare and social development. It is in the nature of non-commercial institutional advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behaviour and, as a result, benefit the public at large. It is generally used by government and other organisations to promote public welfare. We often come across advertisements focusing on the need of small family norms, functional literacy and environmental sanitation and so on. The Government of India and many industrial houses have been

sponsoring advertising campaigns pertaining to family planning programmes, national integration, employment assistance schemes, cleanliness campaigns, need for vaccinations, anti-dowry cause, drug addiction, AIDS, wildlife preservation, road safety measures, adult literacy programmes, etc. Today, most of the manufactures and businessmen have also started issuing advertisements in the interest of the public. Advertisements released by the Indian Railway appealing to the public to take care of public properties and ads released by Cancer Society of India for free Cancer check-up, are for socially relevant causes. Many companies have also taken up public causes such as supporting a leprosy eradication programme, avoiding pollution, safe driving, blood donation drive etc., by resorting to public service advertising. To create awareness of AIDS and its preventions, Lowe Lintas has designed TV/film/video campaign.

14. **National Advertising:** It is generally undertaken by manufactures of branded goods, for which, advertising messages is communicated to consumer's all over the country. Almost all possible mass media, including national newspapers, radio and television network, are employed for national advertising. Product services, and ideas, which have demand all over the country, are suitable for national advertising. In India, Indian Airline Hindustan Lever Ltd., Vicco, Godrej, Bajaj and Kirloskar are a few leading advertisers at national level. Likewise, detergents, soaps, toothpastes, cosmetics, scooters, cars, and bicycles, are some of the products, which are advertised all over the country.

3.3 CLASSIFICATIONS OF ADVERTISING

The classification of advertisement is directly related to the advertising plan. By developing an effective advertising plan, there is a possibility of increased positive return on advertising investment regardless of the amount spent.

In advertising management, there are different types of classification of advertising or advertisement. It includes 5 major points for explaining the classification and it's classified as: -

1. On the Basis of Geographical Spread,
2. On the Basis of Target Audience or Market,
3. On the Basis of Media,
4. On the Basis of Purpose,
5. On the Basis of Actions.

1. **Classification Based on Geographic Area:**

Marketers advertise to the consumer market with national and retail/local advertising which may stimulate primary or selective demand.

a) **Global Advertising**

International advertising is conceived as a response to global marketing enabling the agency to channelize advertising from transnational corporations into transnational media. The same product brand that was once sold nationally can now be sold to the whole world backed by the same advertising. E.g. Coke has been using the same standardized advertising in all countries. Pepsi adopts the common theme to the national culture.

b) **National Advertising**

National advertising is done by large companies on a nation-wide basis or in most regions of the country. Most of the advertisements of well-known companies and brands that are seen on prime -time television or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand about its features, benefits, advantages, or uses and to create or reinforce its image so that consumers will be predisposed to purchase it.

c) **Retail / Local Advertising**

Advertising is done by retailers to local merchants to encourage consumers to shop at a specific store, or use a local service or patronize a particular establishment. Retail or local advertising tends to emphasize specific patronage motives such as price, hours of operation, service, atmosphere, image, or merchandise assortment. Retailers are concerned with building store traffic, so that their promotions often take the form of direct action advertising designed to produce immediate store traffic and sales.

2. **Classification Based on the Media Used**

Any medium can be effectively used for advertising. Based on these criteria there can be several branches of advertising. Mentioned below are the various categories or types of advertising:

a) **Print Advertising: Newspapers, Magazines, Brochures, Fliers**

The print media have always been a popular advertising medium. Advertising products through newspapers and magazines is a common practice. In addition to this, print media also offers options like promotional brochures and fliers for advertising purposes. The newspapers and

magazines sell the advertising space according to the area occupied by the advertisement, the position of the advertisement (front page/ middle page), as well as the readership of the publications. The price of the print advertisements also depends on the supplement in which they appear.

b) Outdoor Advertising: Bill boards, Kiosks, Trade Shows and Events

Outdoor Advertising is also a very popular form of advertising, which makes use of several tools and techniques to attract the customer outdoors. The most common examples of outdoor advertising are bill boards, Kiosks, and also several events and trade shows organized by the company. The Bill board advertising has to be really terse and catchy in order to grab the attention of the passers-by. The Kiosks not only provide an easy outlet for the company products but also act as an effective advertising tool to promote the company's products. Organizing several trade shows and events by the companies or sponsoring them, also makes an excellent advertising opportunity.

c) Broad cast Advertising: Television, Radio, and the Internet

Broad cast Advertising is a very popular advertising medium that constitutes several branches like television, radio or the internet. Television advertisements have been very popular ever since they have been introduced. The cost of television advertising often depends on the duration of the advertisement, the time of broad cast (peak time/prime time) and of course the popularity of the television channel on which the advertisement is going to be broadcasted. The radio might have lost its charm owing to the new age media, but the radio remains to be the choice of small scale advertisers. The radio jingles have been very popular advertising media and has a large impact on the audience.

3. Classification based on Target Audience

a) Consumer Advertising

A very substantial portion of total advertising is directed to buyers of consumer's products who purchase them either for their own use or for their household's. The fact that the buyer of consumer items are generally very large and are widely distributed over a large geographical area enhances the importance of advertising as a marketing tool. The preponderance of such advertising can be seen by looking into any general print media, such as newspapers,

magazines etc. These advertisements are intended to promote the sale of the advertised products by appealing directly to the buyers/consumers. Such advertising is called consumer advertising.

b) Business-to-Business Advertising

Advertising targeted to individuals, who buy or influence the purchase of industrial goods or services for their companies is known as business-to-business advertising. Industrial goods are products that either become a physical part of another product (raw material or component parts), or are used in manufacturing other goods (machinery), or that are used to help a company conduct its business (eg., office supplies, computers) business such as insurance, travel services, and health care are also included in this category.

c) Professional Advertising

Advertising targeted to professionals such as doctors, lawyers, dentists, engineers, or professors to encourage them to use a company's product in their business operations. It might also be used to encourage professionals to recommend or specify the use of a company's product to the end-users.

d) Trade Advertising

Advertising targeted to marketing channel members such as wholesalers, distributors, and retailers are regarded as trade advertising. The goal of trade advertising is to encourage channel members to stock, promote, and resell the manufacturers branded products to their customers.

e) Industrial Advertising

Advertisements directed towards industrial users (buyers of raw materials, component parts, machineries etc.) are regarded as industrial advertising, i.e., consumers who purchase goods for their industrial use and advertisements directed towards these consumers are known as industrial advertising.

f) Agricultural Advertising

Advertisements targeted towards the farmers for the purchase of seeds, tractors, and other agricultural implements are regarded as agricultural advertising.

4. Classification based on Purpose:

a) Product or non-product

A product is a thing or service for which customers will exchange something of value. The purpose of product

advertising is to sell the advertisers goods or services. Services are intangible products. They include financial, legal, medical and other recreational services. Non-product advertising constitutes institutional or corporate advertising in which the advertiser tries to polish its image or influence public opinion about an issue. Here the aim is not to sell something, but just to let the public know that such an organization exists.

b) Commercial or Non-commercial

Commercial vs Non-commercial advertising is very easy to understand. If the idea of advertising is to make profits, then it is commercial advertising. If the idea of advertising is not to make profits, then it is non-commercial advertising. Most of the advertisements we see are commercial.

c) Primary-Demand and Selective- Demand advertising

Primary demand advertising stimulates the need for a particular category of products and the aim is not to sell one brand. Diamonds forever was used to arouse the need for diamonds and not to sell the brand of De Beers. Once the need for particular category is established, selective demand advertising comes into picture. These advertisements concentrate on a particular brand of a product and try to promote it. De Beers, after it made diamond jewellery popular, went on for selective demand advertisements.

d) Direct Action or Indirect Action Advertising

Sometimes advertisements are designed to get the audience response immediately. These types of advertisements are called direct-action advertisements. Typically, these types of advertisements carry a toll free number and sales promotion incentives. Indirect-action advertising is done primarily to build awareness of the product.

5. Classification based on Action

This is the fifth part of the classification of advertising and it includes 2 sub-points like-

a) Immediate Response-

These kinds of advertisement provide immediate response in the form of purchase of the product. For Example– An advertisement for the offer can result in more sale of a product.

b) Indirect Response-

These kinds of advertisement are work for building the brand image in the minds of the customers so that they can purchase the products over a period of time. For Example– An advertisement related to banks, insurance policy, and so on.

6. Other types of advertising

a) Covert Advertising

Covert Advertising also known as “guerrilla advertising” is a unique kind of advertising in which a product or a particular brand is incorporated in some entertainment and media channels like movies, television shows or even sports. There is no commercial in the entertainment but the brand or the product is subtly (or sometimes evidently) showcased in the entertainment show.

b) Surrogate Advertising- Advertising Indirectly

Surrogate Advertising is prominently seen in cases where advertising a particular product is banned by law. Advertisements for products like cigarettes or alcohol which are injurious to health are prohibited by law in several countries and hence these companies have to come up with several other products that might have the same brand name which indirectly remind people of the cigarettes or beer bottles of the same brand.

c) Public Service Advertising- Advertising for social causes

Public Service Advertising is a technique that makes use of advertising as an effective communication medium to convey socially relevant message about important matters and social welfare causes like AIDS, energy conservation, political integrity, deforestation, illiteracy, poverty and so on. David Ogilvy who is considered to be one of the pioneers of advertising and marketing concepts had reportedly encouraged the use of advertising field for a social cause. Today public Service Advertising has been increasingly used in a non-commercial fashion in several countries across the world in order to promote various social causes.

d) Celebrity Advertising

Using celebrities for advertising involves signing up celebrities for advertising campaigns, which consists of all sorts of advertising including, television and print advertisements. Though the audience are getting smarter and smarter and the modern day consumers are getting immune to the exaggerated claims made in a majority of advertisements, there still exist a section of advertisers who still bank upon celebrities and their popularity for advertising their products.

3.4 CONCLUSION

In this unit you have been introduced to the concept of classification of advertising. Let us summarize these concepts once more. Advertising is a form of communication and it is a paid form of

publicity whose purpose is to inform potential customers about products and services and how to obtain and use them. Many advertisements are also designed to generate increased consumption of those products and services through the creation and reinforcement of brand image and brand loyalty. For these purposes advertisements often contain both informative and persuasive messages. All mass media such as, television, radio, movies, magazines, newspapers, video games, the Internet are used to deliver the messages of advertising.

Advertising can be classified based on function, region, target market, company demand, desired response and media.

3.5 EXERCISE

I.) Quiz Time (check your progress)

1. Media advertising is still the most cost-effective way to reach large numbers of consumers with an advertising message. **(TRUE/ FALSE)**
2. Primary-demand advertising focuses on creating demand for a specific company's brands. **(TRUE/ FALSE)**
3. Business-to-business advertising is limited to industrial goods; services such as insurance and finance and banking are not included in this category. **(TRUE/ FALSE)**
4. _____ advertising is done by local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment.
 - A.) Trade
 - B.) Professional
 - C.) Direct-response
 - D.) Retail
 - E.) National Retail
5. Advertising done for the purpose of building store traffic and encouraging consumers to make a purchase takes the form of _____ advertising.
 - J) Trade
 - K) Facultative
 - L) Professional
 - M) Direct-action
 - N) B2B

6. _____ has long been the cornerstone of brand-building efforts for many companies.
- A.) Interactive media
 - B.) Mass-media advertising
 - C.) Online marketing
 - D.) Product placement
 - E.) Personal
7. Which of these contain no illustrations or logos?
- a) TV
 - b) Magazine
 - c) Classified advertisements
 - d) Cinema
8. The advertising media is a marketing communications umbrella concept that covers _____ that carry _____ to the prospective consumer.
- A) media vehicles or channels, advertising messages
 - B) advertising messages, media vehicles or channels
9. Interactive media can be best described as
- A) Marketing Mix
 - B) Marketing Communications Mix
 - C) Customized Marketing Messages
 - D) Media that allow two-way messages between company and consumer
10. Print advertising is sometimes also called
- A) Business Advertising
 - B) Press Advertising
 - C) Electronic Advertising
 - D) None of the above

(II) THEORY QUESTIONS

- 1) "Advertising is a non-personal communication". Why it is non-personal?
- 2) Write about the various types of advertising with suitable examples.
- 3) "Sale is a main objective of advertising", do you agree or not? Justify your answer.
- 4) Is advertising different from publicity? Justify your answer.
- 5) What is Surrogate advertising?
- 6) What is the difference between Direct action advertising and indirect action advertising?
- 7) Name two types of company demand.

SOLUTION to the QUIZ

1. Media advertising is still the most cost-effective way to reach large numbers of consumers with an advertising message. (TRUE/ FALSE)

TRUE

Advertising remains an important part of many marketers' IMC programs because it is an effective way to reach large numbers of consumers with an advertising message. Television, in particular, is an excellent way for marketers to reach mass markets.

2. Primary-demand advertising focuses on creating demand for a specific company's brands. (TRUE/ FALSE)

FALSE

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasizes reasons for purchasing a particular brand.

3. Business-to-business advertising is limited to industrial goods; services such as insurance and finance and banking are not included in this category. (TRUE/ FALSE)

FALSE

Business-to-business advertising is targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. Business services such as insurance, finance and banking, and telecommunications are also included in this category because they are marketed to both business customers and consumers.

4. **Retail** advertising is done by local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment.

5. Advertising done for the purpose of building store traffic and encouraging consumers to make a purchase takes the form of **direct-action** advertising.

6. **Mass-media advertising** has long been the cornerstone of brand-building efforts for many companies.

7. Which of these contain no illustrations or logos?

Ans. **Classified advertisements**

Classified advertisements are small and one column wide. These advertisements contain no illustrations or logos.

8. The advertising media is a marketing communications umbrella concept that covers **media vehicles or channels** that carry **advertising messages** to the prospective consumer.

9. Interactive media can be best described as **media that allow two-way messages between company and consumer**

10. Print advertising is sometimes also called **Press Advertising**.



ADVERTISING AGENCY I

Unit Structure:

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Meaning and Definition
- 4.3 Organisation Structure of an Advertising Agency and services offered
- 4.4 Types of Advertising Agencies
- 4.5 Emergence of Global Agencies
- 4.6 Some of the top Advertising Firms in India
- 4.7 Agency Selection Criterion
- 4.8 Maintaining Agency- Client Relationship
- 4.9 Summary
- 4.10 Questions

4.0 OBJECTIVES

After studying this unit, the students will be able to:

- Know the meaning and definition of Advertising Agencies.
- Explain the Organization structure of the Advertising Agency.
- Elaborate the types of Advertising Agencies.
- Know the top advertising firms in India.
- Understand the agency selection criteria.
- Explain how to maintain the agency-client relationship.

4.1 INTRODUCTION

In the current age of business advertising has become unavoidable task and day to day the importance of advertising agencies is increasing. These agencies provide creative and specialized services to their clients. Advertising agency is the core of advertising profession and industry. An advertising agency is an independent company set up to render specialized services in advertising. An advertising agency is a firm that specializes in the creation, design and placement of advertisements, and in the planning and execution of promotional campaigns for products and services of their clients.

4.2 MEANING AND DEFINITION

4.2.1 MEANING

Due to the specialized nature of advertising business, organizations utilize the services of advertising agencies. For most companies, planning and execution of advertising is handled by advertising agency.

The **American Association of advertising Agencies (AAAA)** has defined an advertising agency as:

- An independent business organization
- Composed of creative and business people
- Who develop, prepare and place advertising on advertising media
- For sellers seeking to find customers for their goods and services.

Thus, an advertising agency is a service organization which performs the function of preparing, planning and checking advertisements for its clients. It has its own specialized & creative staff including visualizes, copywriters, artists, painters, models, etc. It also places advertisements in media. **Thus, an agency is a link between the clients & media owners.**

4.2.2 FEATURES OF ADVERTISING AGENCY:

1. Advertising agency is concerned with **preparing advertisements** for the advertisers.
2. There are **various types of advertising agencies** such as full service agency, in-house agency, creative boutiques, etc.
3. An advertising agency **employs creative people** like artists, layout designers, visualizers, copywriters, etc.
4. Some advertising agencies operate **at local level while others operate at national** as well as global level.
5. The job of the advertising agency also includes booking **time & space in media**.
6. The **fees charged** by an advertising agency are generally based on the media billing.
7. Advertising agencies **render various services like account planning**, creative services, marketing services, etc.
8. Some advertising agencies **have accreditation** while some others don't have.

4.3 ORGANISATION STRUCTURE OF AN ADVERTISING AGENCY AND SERVICES OFFERED

For smooth functioning, every advertising agency is divided into departments. The number of departments depends upon the size of business organization. The organization structure differs from agency to agency depending upon the functional areas.

1. Creative services department

The creative services departments are the heart and soul of advertising agency. Creativity differentiates one agency from another. This department is composed of the visualizers, copywriters, art directors, production manager and traffic manager. The functions performed by departments are:

- i) **Copywriting:** The visualizers and copywriters plan and prepare the copy of the advertisement. Some agencies have separate 'copy departments'.
- ii) **Artwork:** The art directors and artists prepare the artwork of the advertising which includes designing attractive illustration and layout. This is required in order to make the advertising copy attractive and appealing.
- iii) **Production:** The production manager looks after mechanical production of print advertisement and production of TV or radio commercial. The services of printers, typographers, script-writers and directors are required in this process of production of advertisements. At times, agencies hand over this function to outside independent units.
- iv) **Traffic:** Traffic means scheduling. Traffic people are concerned with routing, scheduling and supervising the work of each advertising department. The traffic department ensures that deadlines are met not only within the agency but also outside organizations such as media houses, suppliers, traders etc. The traffic manager monitors the production of finished advertising so that it is completed as per schedule.

2. Account services

An account refers to client who desires agency services. This department is responsible for providing services to the client. The department comprises of accounts executive and accounts supervisors. An accounts executive acts as the link between the agency and the clients. He is the person who carries the client brief and is also responsible for the approvals.

The main functions performed by this department are:

- i) **Client servicing:** This department handles the requirements and problems of the clients. It studies the client's product to be advertised and collects necessary information about the product and the organization.
- ii) **Preparation of advertising plan:** This department prepares the advertising plan and sends it to the client for approval.
- iii) **Agency-client relations:** This department acts as a link between the agency and its clients. It not only maintains cordial relationship between the clients but also with media owners.

3. Marketing services

The marketing services department is composed of media team, marketing research executives and sales promotion executives. It performs the following functions:

- i) **Media services:** The main skill of media team is media planning, media buying and media scheduling. The media team organizes the timing and scheduling of the marketing communications campaign. They look at the range of media to be exploited and at the best slots in which to run advertising. They help a client to decide upon the duration of and individual slot, and how many of them to run. They are responsible for buying time/ space in media. They also prepare media schedule. A media schedule is a time-table showing dates and timing of execution of the advertising campaign in media.
- ii) **Marketing research:** An advertiser needs information on various aspects such as market trends, market competition, consumer behavior, new trends in media and so on. It is the responsibility of the marketing research department to provide such inputs to the client. In fact, the research department functions before and after a commercial is made for pre-testing and post-testing its effectiveness. Consumer insights and brand usages are also tested at times. Large agencies usually have research subsidiaries. For instance, Hindustan Thomson has Indian Marketing Research Bureau (IMRB) while Lintas has pathfinders.
- iii) **Sales promotion:** This department prepares sales promotion materials such as sales brochures, sales literature, dealer displays, point of purchase material etc. It also undertakes window displays, trade shows, fairs and exhibitions.

4. Administration and Finance

The administration and finance department is composed of office manager, accounts manager and clerical staff. It looks after the financial and accounting matters. The department performs the following functions:

- i) **Office administration:** The office manager is responsible for day-to-day office administration. He also looks after office management and handles issues relating to personnel i.e. recruitment, training, promotions, transfers, training etc. The clerical staff provides clerical services like typing, filing and record keeping.
- ii) **Accounting:** This department looks after maintaining proper books of accounts, receipts and payments etc. It collects bills from the clients and makes payment of media bills.
- iii) **Budgeting:** This section looks after internal budgets, cash flows, preparing investment plans etc.
- iv) **Auditing:** the account executive is responsible for getting the books of accounts audited from the agency's chartered accountant. He also prepares necessary reports and statements.

4.4 TYPES OF ADVERTISING AGENCIES

There are different types of agencies that provide client specific functions. These are explained as under:

1. Full service agency:

A full service agency is one that provides under one roof all the services; a client is likely to need. Such agencies are usually large in size and offer their clients a full range of services in the area of marketing, communications & promotions. These include planning, creating and producing the advertisement; placing the advertisement in various media & research. Other services offered include strategic marketing planning, sales, sales training, designing the package, event management, trade shows, publicity, public relations, etc. Trikaya, Grey, Ogilvy & Mather are fully service agencies in India. In other words, they are one stop shops for all services that are offered to the clients. Today's agencies provide total communication packages for the clients' brands.

Some of the features of full service agency are as under:

- Large in size
- Deals with all stages of advertisements
- Different expert people for different departments
- Starts work from gathering data & analyzing and ends on payment of bills to the media people.

2. In-house agencies

At times, an advertiser may establish his own department to perform the advertisement related services, which are normally provided by an outside agency. Such a department is known as an in-house agency. It is owned & operated by the advertiser. Some companies exclusively use in-house agency, while others combine in-house agency efforts with those of independent outside advertising agencies. Large advertisers, such as Calvin Klien & Benetton use in-house agencies.

- **Advantages:**

It saves the **cost** of advertising as the substantial advertising money paid to outside agencies in the form of media commissions goes to the in-house agencies.

It enables greater **control** over the agency operations both in terms of cost & creativity.

Since the advertising job is handled by in-house staff. There may be an increased coordination

- **Disadvantages:**

The in-house agency often lacks expertise available in an outside agency. Top agency talents are less likely to get attracted into an in-house agency.

At times in-house staff might turn biased while an outside agency is more objective in its analysis & evaluation.

Operating an in-house agency is expensive as compared to getting the advertising job done by an outside agency especially if the organization is small.

3. Creative Boutiques:

These are agencies that provide only creative services. In other words, they provide just creative work, that is, ideas for advertising campaign and execution of those ideas. They do not involve themselves with the media and other functions. These creative boutiques have grown when the advertiser desires to use high quality creative talent of an outside service provider, while the rest of the functions are performed within the advertiser company. Full service agencies subcontract work to creative boutiques when they want to avoid increasing full time employees or have access work. These boutiques usually work on an agreed fee. Some of the features of creative boutique include:

- Very Creative and Innovative ads
- No other function is performed other than creating actual arts
- Small size agencies with their own copywriters, directors and creative people.

4. The specialist agency

There are some agencies who undertake advertising work only in certain areas. In other words, they specialize in specific areas. For e.g., some agencies specialize in financial services, social advertising, medicine related advertising and so on. In India, there are agencies specialized in financial advertising and the DAVP, (Directorate of Advertising Visual Publicity) which gives publicity to government's policies and programs.

5. Agency Network

Due to tremendous increase in the volume of business, agencies need to have branches across the country in order to serve local, regional as well as national clients. However, this may not be possible & economical. To overcome this problem, **a smaller agency can join a large agency forming a network.** Such a network is possible even at international level. The group so formed provides market information to all network members. They also share information on agency operations. Examples of international tie-ups are Trikaya in India with Grey advertising in USA & Hindustan Thompson with G. Walter Thompson of the USA.

6. Subsidiaries of large agencies:

Large advertising agencies establish subsidiaries which can develop local niche market. By being associated with the larger agency, they gain status which helps them to gain acceptability by clients. In India, "Karishma" is the subsidiary of Lintas & "Contract" that of Hindustan Thompson.

7. Media Buying Services:

These are independent agencies specialized in media buying services. Advertising media buying has become a complex activity in this competitive environment. Advertisers and advertising agencies develop their own media strategies and give the contract of executing the same to media buying services. Agencies offering this service buy large amount of time and space in media. Hence they are in position to obtain better media packages, the benefit of which is passed on to the advertisers. For the services rendered, they are paid a commission or fee by the advertiser.

4.5 EMERGENCE OF GLOBAL AGENCIES

Today the field of advertising is booming. With the growing markets and competition, it has become an essential tool to reach the target market as well as the target audience.

Liberalization has empowered advertising and has completely changed the Indian advertising scenario. Advertising in

India has undergone tremendous growth over the past decade. The 30-second slot between the TV shows is a largely coveted space for most advertising companies today. Indian television viewers are very much influenced by visual ads and print ads, thus expanding the product consumer base. Mumbai continues to be the major advertising hub for this country.

Earlier in India the advertising agencies were very small and they used to fetch from little to no business. But if we see the ad agencies in India today, then the scenario is totally different. Advertising has now become a full fledged industry. The horizons of advertising agencies have expanded and crossed the national borders.

Now advertising is no longer restricted to print media or radio ad but latest trend is about internet marketing and social media. The scenario of Indian advertising world is also going through these changes and several marketing agencies are becoming forward with the latest ideas and concepts.

Advertisers in India have reached 75% of population, using television as a media device, and the rest of the population is reached via radio. India, however, favors newspapers, magazines, television, radio, bill boards and business publications to convey messages about various products. It is the advertising agencies advertisements which portray ideas to the audience. The world's leading advertising agencies – Ogilvy and Mather, J Walter Thompson, BBDO, Lintas, Mc Cann-Ericsson and Leo Burnett has successfully made a mark in the Indian market.

CHECK YOUR PROGRESS:

1. Enlist the functions of the following departments of the advertising agency:
 - a. Creative service Department
 - b. Account Department
 - c. Administration and Finance Department
 - d. Marketing Department
2. Define the following terms:
 - a. Advertising agencies
 - b. Full service agencies
 - c. Agency network
 - d. Subsidiaries of large agencies

4.6 SOME OF THE TOP ADVERTISING FIRMS IN INDIA ARE:

1. Ogilvy & Mather

It is an international New York based advertising, public relations & marketing agency established in 1948. It operated in 125t countries across the world with its Indian operations centre Ogilvy advertising – in Mumbai. The O & M network offers services to fortune global 500 companies over the world. Ogilvy advertising continues to remain India's number 1 advertising agency. Ogilvy and Mather is the creative team behind India's most successful and renowned brands such as Vodafone, Cadbury, Asian Paints and Fevicol. They have created ZooZoo campaigns for Vodafone.

2. JWT

J Walter Thompson had its headquarters in New York and offices in over 90 countries. It was set up in 1864 and even today, continuous to create, innovate and define the world of communication in India. JWT has created advertisements for brands such as Nestle, Bayer, Ford, Nokia and Unilever.

3. Mudra Communication

Mudra Communications was set up in 1980. It is based in Mumbai. It is advertising, communications and brand Management Company in India. It is India's third largest advertising agency. In 2011, Mudra group was acquired by Omnicom Group, subsequently rebranded as DDB Mudra group and merged with DDB Worldwide. As an advertising agency it is credited with handling successful campaigns of brands and products such as Rasna, Godrej, McDonalds, HBO, Philips, Reliance Netconnect and Big Bazaar.

4. LOWE Lintas India Pvt. Ltd.

After the merger of Lintas India Ltd. With LOWE Lintas and Partners Group of the UK, it is known as LOWE Lintas India Pvt. Ltd.

It is one of the India's largest communication groups. The advertising agency indicates advertising, media buying house, direct marketing, public relations, design consultancy, market research, events, rural communications & interactive communications. LOWE Lintas was recently declared to be the 5th most effective agency in the world by the Effie Effectiveness Index. The 1st Television commercial in India was handled by LOWE Lintas. The agency handles the account of Unilever, Microsoft, Idea Cellular, Johnson & Johnson, Nestle, Knorr, etc. They manage advertising campaigns of 5 of India's top 10 "Most Trusted Brands of India".

5. FCB Ulka Advertising Ltd.

FCB being 1 of the top3 advertising agencies in USA, ranks number 10th in the world. FCB-Ulka has made its mark in India as Ulka advertising. It was founded in 1961. Since its inception it has continued to be among the top 5 advertising agencies in India. FCB-Ulka has made a smooth transition from a creative shop to a large mainstream agency. These companies' aim has always been to create advertising that is noticeable & that is most relevant to the buyer not the seller. FCB Ulka is considered as a turnaround specialist that indulges in more than just brand building. Some of FCB Ulka's successful ads include TATA Indicom, Whirlpool, Zee Cinema, Santoor, Sunfeast & Amul.

6. Re Diffusion DY & R

It is a Mumbai based advertising agency that was set up in 1973. It focuses primarily on integrated PR services and media relations. It handles the account of Indian oil corporation, LG Electronics, Bharti Airtel, etc.

7. Mc Cann-Ericsson

This advertising agency is a leading global agency. It is one of the leading advertising agencies in India, it was born out of a successful and profitable merger in 1930, and its office are in Australia, South East Asia, Latin America, Europe and India. The tag line "Thanda matlab coca cola" is a brain child of this agency. Another famous tag line created by them is "for everything else there's mastercard".

8. RK Swamy BBDO Advertising Ltd.

It is the agency of the worldwide renowned BBDO network. It was launched as a fully fledged large format agency on April 2 1973. It is one of India's leading integrated communication service providers. It is ranked as one of India's top advertising agencies over the past 3 decades. Its clients include Air India, State Bank of India, Union bank, MTNL etc.

9. Grey Worldwide (I) Pvt Ltd

Grey world India pvt. ltd is a subsidiary of Grey worldwide. It is an advertising agency that provides marketing and advertising services. The company is based in Mumbai, India with additional offices in Ahmedabad, Bangalore, Kolkata and New Delhi. Some of the ads created by them include for hero Honda, Maruti Suzuki, nestle, Indian oil, Ambuja cement, UTV and Godrej.

10. Leo Burnett India pvt Ltd.

A regular award winner at the Cannes festival, India's Leo Burnett has been proclaimed as one of the most creative agencies of the country. It has over the years successfully offered consumers with powerful brand experiences using ads like McDonalds, Heinz, Complan, Bajaj and HDFC.

11. Contract Advertising India Ltd

Contract Advertising is known for its one of kind specialty divisions that provide complete advertising solutions. These divisions include design sutra, eye contract and core consulting since its inception in 1986, Leo Burnett India Pvt Ltd.

It has successfully delivered successful result to its high profile clientele including Tata Indicom, Religare, Asian Paints, Dominos, Spice Jet and American Tourister, etc.

4.7 AGENCY SELECTION CRITERION

Much care has to be taken in selecting the agency of the choice of a particular organization. Some of the factors taken into account are;

1. Creativity

Creativity is an essence of advertising. Hence one of the most important factors considered while selecting an advertising agency is the quality of creative services offered by the agency. Creativity depends on the quality of the creative personnel that is copywriters, artists, art directors, painters, etc. The advertiser must judge the agency's ability to generate and develop new ideas for his advertising program.

2. Services offered

The advertiser must consider the range of services offered while selecting an advertising agency. Some agencies especially smaller ones provide limited services, while larger agencies offer wider range of services. The advertiser must compare services offered by various agencies and select one whose services he thinks will be satisfactory and profitable.

3. Specialization

Some agencies are specialized in certain lines of business. Such agencies attract clients having special needs. E.g. some agencies are specialized in financial advertising. Advertisers dealing in financial products may prefer such agencies.

4. Remuneration

The cost of the services rendered is a very important factor to be taken into account while selecting an agency. The fees charged are not uniform, i.e. it differs from agency to agency. The advertiser must compare the rates of different agencies while selecting an agency. The payment may be in terms of commission, lump sum fees, etc. These have to be discussed before entering the contract.

5. Reputation of the agency

The past record & reputation of the agency in the field of advertising must be considered. Information about the agency can be obtained through conversations with the media owners and other advertisers. Further, other factors such as financial standing, successful campaign of other clients handled by the agencies in the past, client turnover, agency client relationship must be considered.

6. Location

Many advertisers prefer an agency having a branch office located close to the advertiser's office. This enables them to have a quick and economical communication with the agency. The agency can follow the client easily. Thus it offers convenience to both, the advertisers and agency.

7. Other Clients

The advertiser must not approach an agency that handles competitor's advertising programs. This is due to confidential nature of business; the secret information provided to the agency may get disclosed.

8. Media Connections

An agency which has better contacts with media owners must be selected. Such an agency is in a position to book the desired time and space in the media. Moreover, it can also get media packages, the benefit of which is passed on to the advertisers.

9. Accreditation of the agency

Some advertising agencies are accredited by the Indian Newspaper Society, Doordarshan and All India radio. Accreditation gives professional status to the agencies. They enjoy better credit to the media owners. They pass this benefit to their clients. Moreover, such agencies have to follow the code of ethics laid down by the media owners. Thus the client is likely to get a minimum standard of the advertising campaign. This suggests that such agencies must be approached.

10. Size of the agency

A large sized agency may provide a wider range of services and facilities. Advertisers prefer larger agencies because they are benefited due to experience, reputation, and media connection of the agency. Moreover, this is an age of mega agency.

11. Initiative and Involvement

An agency that anticipates a client's needs just before the client does should be preferred. In other words, an advertising agency that takes keen interest and initiative in the work of its clients must be given preference. Such an agency may be able to study its client's problems and also suggest measure to overcome them.

4.8 MAINTAINING AGENCY- CLIENT RELATIONSHIP

The agency-client relationships starts when the client contracts work to the agency. It is continuous as long as the agency provides services to the clients. **Such a relationship is based on mutual trust and respect.** It is like an equal partnership that has to follow a few guidelines to make it more fruitful. **An article published in the economic Times of India on 17th January 1988 has made some suggestions in this regard:**

What the clients have to do?

- Treat the agency with **courtesy at all times.** Do not hurt the ego of agency people.
- Create enthusiasm in the staff of the agency for their products/ services. Clients must demonstrate how their product is superior to competitors.
- Involve the agency in the product development.

Provide a thorough brief before seeking advertising proposals. The brief must be in a written form containing a review of the marketing plans of the current year and the coming year. It must also clearly define marketing and the advertising objectives.

The client must encourage the agency to consult them during the process of planning the advertising campaign.

When the agency sends the advertising proposal for the approval to the clients, they should not reject the approval on whims and fancies.

Have faith in the agency

Pay agency bill as per the terms agreed.

- Avoid personal favors from the agency. Utilize the services of the agency strictly for the company.
- Reduce disputes to a minimum.

What the agency has to do?

The following points elaborate the agency's responsibilities towards developing healthy relationships with the clients:

- Agencies must not handle conflicting accounts. It means they must not accept the advertising proposal of competitor of the existing client.
- Discuss details of compensation before accepting the account. This avoids disputes and ill feelings later.

- Decide clearly as to who will handle the account within the agency so as to avoid confusion in due course.
- Establish a continuous communication network with the client. This helps to resolve enemies understanding quickly.
- Collect complete information about the client's business. The same can be used while preparing the advertising plan.
- Maintain a regular performance audit from the agency's side. In other words, evaluate its performance from time to time.
- Come out with new marketing ideas that open up new opportunities for the client.
- Never hurt the client's ego. Respect his opinion & suggestion.
- Keep the client well informed about any proposed changes at the agency.
- Maintain discipline, punctuality & submit progress report on the work assigned. This would keep the client informed about the state of his advertising campaign.

4.9 SUMMARY

Advertising agencies are those organizations providing creative and specialized services to their clients. Generally, the services provided by these agencies are: creative services, accounting services, marketing services, administration and finance services.

Agencies has been classified on the basis of the services provided by them such as; Full service agencies, In house agencies, Creative boutiques, The specialist agencies network, Subsidiaries of large agencies, Media buying services.

Ogilvy & Mather, J Walter Thompson, Mudra communication, LOWE Lintas India Pvt. Ltd., FCB Ulka advertising Ltd., Re Diffusion DY & R, McCann-Ericsson, RK Swamy BBDO Advertising Ltd., Grey world india pvt ltd., Leo Burnett India pvt Ltd., Contract Advertising India Ltd. Etc are the top advertising agencies in India.

While selecting the agency some of the factors taken into account related to the agency are: Creativity, services offered, specialization, remuneration, reputation, location, other clients, media connection, accredited, size, initiative and involvement of the agency.

The relationship between the client and the agency is a continuous process as long as the agency provides services to the

clients. Such a relationship is based on mutual trust and respect. The client must encourage the agency during the process of planning the advertising campaign and the agency must keep the client well informed.

4.10 QUESTIONS

- 1) Define Advertising Agencies. Explain the Organisation structure an advertising agency.
- 2) "Today the field of advertising is booming". Discuss.
- 3) Elaborate the types of Advertising agencies.
- 4) Explain comparatively the relationship between the client and the advertising agency.
- 5) Which are the top advertising agencies in India.
- 6) Write short notes:
 - e. Selection criteria
 - f. In house agencies
 - g. Creative boutiques
 - h. Media buying services.
 - i. Features of Advertising agencies



ADVERTISING AGENCY II

Unit Structure:

- 5.0 Objectives
- 5.2 Ways of getting clients
- 5.3 Client Turnover
- 5.4 Creative Pitch
- 5.5 Agency Compensation
- 5.6 Agency Accreditation
- 5.7 Career Options
- 5.8 Career Options in Advertising Agency, Media and Supplying / Supporting Firms
- 5.9 Freelancing Options for Career in Advertising
- 5.10 Summary
- 5.11 Questions

5.0 OBJECTIVES

After studying the unit, the students will be able to:

- Explain the ways of getting clients.
- Know the concept Client Turnover and reasons of Client Turnover.
- Elaborate the term Creative Pitch and the steps in creating the C.P.
- Know the methods used for compensation.
- Understand the meaning of Agency Accreditation, its advantages, criteria and disadvantages.
- Know the career options in advertising.
- Understand the freelancing career options in advertising.

5.1 INTRODUCTION

Liberalization has empowered advertising. There has appeared a tremendous growth in the advertising agencies in India over the past decade. Earlier in India the advertising agencies were very small and they used to fetch from little to no business. But if we see the ad agencies in India today the scenario is totally different. Advertising has now become a full fledged industry. The horizons of advertising agencies have expanded and crossed the

national borders. With the growth in ad agencies, competition for client's accounts is increasing.

5.2 WAYS OF GETTING CLIENTS

Due to the competition the agencies have to constantly search for new clients and satisfy the existing clients to retain them with the ad agency. Some of the ways of getting clients are:

1. Advertisement

An advertising agency can advertise in newspapers seeking clients for their business. New advertising agencies working at a local level can select a local medium to attract small and medium scale entrepreneurs to give their account to the advertised agency.

2. Referrals

This is one of the most popular routes through which an agency gets new clients. If the existing clients are satisfied with the work of the advertising agency, they are likely to recommend the agency's name to new clients.

3. Presentations

The executives of the agency depute personnel to make presentations in front of the executives of the companies. This presentation may take into account the products, the marketing and the advertising plans of the companies. These presentations give the companies an insight into the creative potential of the people of the agency.

4. Member of associations

Advertising agency can become a member of various associations like IMC, MACCIA, AAI, etc. Such membership give them a chance to interact with the members of various business associations which is likely to fetch them business in the long run.

5. Solicitations

The agency may search new clients by writing letters. It may directly approach the client and may give a better offer than the one given by the existing agency. It could either be in the form of better services or better agency compensation. The agency may even make calls to attract new clients.

6. Image & Reputation

Reputation of the agency attracts new clients. An image can be built by undertaking excellent advertising work of reputed clients and by winning awards. Many advertising agencies participate in advertising festivals or competition to win awards & to gain popularity. Further media coverage helps and agency to get publicity.

5.3 CLIENT TURNOVER

5.3.1 Meaning

Client turnover means clients changing their advertising agencies. It means clients close their accounts with the existing agencies and switch over to other agencies. Client turnover has negative effect on the agency as it adversely affects its image and also its revenue.

5.3.2 The reasons for such client turnover are:

1. Dissatisfaction with the creative efforts:

Creativity is the essence of advertising. One of the important factors in contracting with a particular advertising agency is creative services offered by it. However, if the client is not satisfied with the creative efforts taken by the agency, he may terminate the contract.

2. Conflict on payment

If the client feels that the agency is charging higher fees, higher service charges, not passing cash discount received from media, recommending media just for the sake of higher commission, etc. It may result in client leaving the existing agency.

3. Handling the competitor's account

The agency may start handling a competitor's account. This may force the client to shift to some other agency.

4. Personal Conflicts

Sometimes the client and the top executives of the ad agency have conflict regarding any decision of advertising campaign such as copywriting, copy designing, selection of medium, media scheduling, etc. Such conflicts lead to ego problems among them. It may result with the client leaving the agency.

5. Personnel changes in the staff:

A client sometimes switches over to new agency when the creative team or key employees of the existing agency moves out to another agency. Even personnel changes in top executive of client may result in shift to another agency. The new top executive of client may have established ties with some other agency and they may shift to such agency.

6. Unsuccessful Advertising Campaigns

If the advertising campaign launched fails to bring in the desired results (increase in sales/brand awareness etc) the client may contract with another agency for the next advertising campaign.

7. Lack of Coordination & Communication

Poor communication & coordination between the client & the agency staff fails to develop trust & confidence in each other. In such a case the client may leave the agency.

8. Inadequate Services

At times, the client may require additional services & facilities if the agency is not equipped to provide the same the client may shift to some other agency.

9. In sufficient Network of the agency

The client may plan to enter an entirely new market may be rural or international market. The agency may not have a branch or the capacity to handle this new market. Hence, the client may enter into a contract with another agency.

10. Change of location

A change in the location of agency's office or the client's office to another city may also lead to client turnover.

11. New Advertising Agency

When a new agency, comprising of highly creative personnel interest enters the advertising scene, the client may contract with the new agency.

12. Human Tendency to change

Some clients prefer not to contract with the same agency again & again. They change the agency just for the sake of changing & not due to some genuine cause.

13. Withdrawal of product from market

The client may withdraw the product from the market thereby closing the account with the concerned advertising agency.

14. Lack of accreditation

The agency especially if it a small one might not be accredited by Doordarshan and the INS. Hence, the client may prefer to move to bigger agencies which are accredited.

5.4 CREATIVE PITCH

5.4.1 MEANING

Pitching a process that started merely to compare creative services has today become a phenomenon deciding the fact of agencies. As the market gets more competitive and witness information overload, every marketer is looking for unique and clutter breaking solutions, Pitching is the window for an agency to enter into the client's world, and a perfect pitch gets them entry into the world.

A creative pitch is a presentation that describes the concepts that a company (such as an agency) proposes to use to create a media program or promotional message. It refers to the presentation by advertising agency people to a prospective account.

In this presentation, the agency person uses portfolio, slides, video, story board or other **devices to give information about:**

- **Organisational** set up.
- **Results** for other clients.
- **Types of accounts** handled.
- **Experience** of personnel.
- **Specialisation**
- **Fees** charged
- **Any other information** that is pertinent to winning the account.

The purpose of creative pitch is to win a client's business and thereby ensure a new stream of revenue.

5.4.2 STEPS

The steps involved in preparing creative pitch are as under:

1. Locate clients

The first step is to identify the prospective clients. New clients can be approached directly by putting advertisements in news papers, by referrals and so on.

2. Research

The advertising agency must undertake research about the prospective client i.e. the organization, its products, its objectives etc. Such a research helps in developing ideas and to make a better creative pitch.

3. Discussion with the client

If possible, the ad agency representative must try to meet the prospective client informally to ascertain what their needs are and their expectations from the advertising agency. Thereafter the agency may hold discussion with the client on services they can provide such as market research, planning and advertising campaign, sales promotion, testing advertising effectiveness and so on.

4. Preparing outline of pitch

After the discussion with the client, an outline of the pitch is made. The agency must try to make its pitch stand out from the crowd. It must avoid both gimmicks and jargons.

5. Making the pitch

The agency then makes the final pitch. It must be creative, clear, simple and at the same time convincing. Clear headings, short paragraphs, numbered pages and an index at the front are essential.

6. Follow up

Finally, the advertising agency must follow up with the client to find out whether or not they have got the contract. The follow up could be done through email, phone call or personal interaction. They must try to find out whether the client has any follow up questions.

5.5 AGENCY COMPENSATION

The methods used to compensate the agencies for their services are

1. Commission

This is the most traditional method of agency compensation. Under this method the agency is paid a fixed commission by the media on any advertising time or space purchased. The media owners pay 15% commission on gross billing amount of the advertising agency. However, only those agencies which are accredited are entitled to a commission of 15%. The rates for outdoor media are slightly higher i.e. 16.66%.

The working of commission method can be illustrated with the help of an example. Suppose an advertising agency prepares and places advertisement in a newspaper at an agreed charge of Rs. 50,000. The agency will collect the said amount from its client but will pay Rs. 42,500 (Rs 50,000 less 15%) to the media owner. The difference of Rs 7,500 is the commission income to the agency. The media owner may also offer a 2% cash discount for early payment, which the agency may pass on to its client.

2. Negotiated Fee

Many agencies and their clients negotiate some type of fee system or cost plus arrangement for compensation. The fees negotiated by the agency covers all the expenses incurred as well as its profit margin. When the agency is not a recognized one, it may not receive normal media commission. In such a case, it is paid a negotiated fee for specialized services rendered.

This method is more objective as compared to the commission method. It is fair to both the parties i.e. the advertiser and the advertising agency. While the advertiser pays fees as per services provided, the agency gets a fair return. Generally, it includes costs incurred plus profit margin.

3. Agency charges

Apart from the cost incurred for booking time and space in media, an agency has to spend money on artwork, comprehensive layouts, and printing, filing radio or TV commercials and so on. In such case, the agency charges its clients for such expenses. The suppliers of such services may pay commission to the agency for large or regular orders. Thus, this method is profitable to the agency.

4. Cost-plus system

Under this methods, the client agrees to pay the agency the cost of work i.e. employee cost and out-of-pocket expenses plus a certain percentage of this amount say 20%.to 25% to cover overheads as well as profits of the agency.

This method is used when media billing is small and the client requires ample of agency service. This happens at the time of introducing a new product in the market or when the client needs non-commissionable work from the agency such as preparing catalogues, brochures etc.

5. Speculative charges

Under this method, the agency pays the bill on behalf of the advertiser during its difficult period. As and when the advertiser becomes financially stable, he is charged for the same. Such charges are called speculative charges. However, large agencies usually avoid such type of dealings.

CHECK YOUR PROGRESS

1. "With the growth in ad agencies, competition for client's accounts is increasing". Discuss.
2. Enlist the reasons for client's turnover.
3. Define the following terms:
 - a. Client Turnover
 - b. Creative Pitch
 - c. Commission method
 - d. Speculative charges method
 - e. Cost-plus system
 - f. Agency Charges method
4. "Pitching is the window for an agency to enter into the client's world". Explain.

5.6 AGENCY ACCREDITATION

5.6.1 Meaning

Accreditation is a process in which certification of competency, authority, or credibility is presented. The certification of competence in a specified subject or areas of expertise, and of the integrity of an agency, firm, group, or person is awarded by a duly recognized and respected accrediting organization.

Agency accreditation refers to official recognition given to an advertising agency by authorities connected with advertising. In India, it is given by the Indian Newspaper Society (INS), All India Radio (AIR) and the Doordarshan as per the accreditation criteria decided.

It is not compulsory for an advertising agency to obtain accreditation. However, it is advisable to have accreditation as accreditation gives professional status to an agency. Accreditation indicates that the agency is observing high professional standards in its business operations. Further, it also follows the code of conduct.

5.6.2 Advantages of Accreditation

Accreditations to agencies offer the following advantages:

- The agency gets a professional status.
- The professional status enhances **goodwill** of the agency.
- Clients prefer accredited agencies as these agencies maintain high **professional standards** while conducting their business activities.
- Such an agency has better **media connections**.
- Only an accredited agency gets **15%** commission from the media owners.
- Further, it also gets better terms of **credit** from the media owners. For instance, it can make payment to the media owner up to 60 days after the date of advertisement.

5.6.3 Criteria for Accreditation

In order to be eligible for accreditation, an agency must satisfy the following criteria:

1. Skill and Experience

- The agency executives must have sufficient training, professional experience and skill.

- It must employ skilled and trained personnel to handle advertising business.
- It has actually carried on business for a minimum period, for instance six months in case of INS.

2. Rules and Regulation

The agency must follow the rules and regulations framed by INS, AIR and DD. Further, it must handle the business in accordance with the code of ethics adopted by INS, AIR and DD.

3. Minimum business limits

The agency must have fulfilled the minimum business limits with INS, AIR, and DD.

5.6.4 Application and Declaration

An advertising agency which desires to obtain accreditation has to submit an application to the concerned authority. Further, it has to make a declaration to abide by the rules and regulations in regard to accreditation and the code of ethics.

The agency is granted accreditation if it satisfies the recognition criteria.

5.6.5 Loss of Accreditation and its Restoration

An accredited agency shall lose its recognition:

1. Upon its decision to disassociate itself as an accredited advertising agency.
2. Upon death or bankruptcy of the sole proprietor, dissolution of partnership firm or winding up of the company.
3. Upon the accredited advertising agency ceasing to do advertising business as provided for under the rules and regulations framed by DD/ AIR and INS.

The concerned authority shall always have to power to renew or restore full or provisional accreditation of any advertising agency subject to conditions that may be imposed for such renewal or restoration.

5.7 CAREER OPTIONS

5.7.1 Introduction

The field of advertising offers lucrative employment options. Advertising firms employ people with different educational background in various departments at various levels.

Possessing a professional Degree or Diploma in a particular field of study can give a head start in this industry. Further, flair for language and excellent communication skills are other factors essential for breaking into the realm of the advertising business.

5.7.2 Classification of Advertising Field

Advertising field offers a range of lucrative and interesting career options. The job in this field is categorized into two broad categories, namely, Executive and Creative.

1. Executive

The executive side includes Client Servicing, Market Research, Media Research etc. The executive department understands requirements of the client, seeks new business opportunities and retains existing business. This department also selects the appropriate media, analyses timing and placement of advertisements, and negotiates the financial aspects of a business deal.

2. Creative

The creative team comprises of copywriters, scriptwriters, visualizers, creative directors, photographers, typographers, animators, and so on. **The creative department creates the actual advertisement** in different media formats. They verbalize and visualize the specific need of the client.

To get into a specific department of an advertisement agency, one could choose from the following careers:

- Client Servicing: A post graduate diploma or an MBA in marketing.
- Studio: Course in commercial art or fine arts (BFA or MFA).
- Media: journalism, Mass Communication or an MBA.
- Finance: CA, ICWA, MBA (Finance).
- Films: Specialisation in audio visuals.
- Production: A course in printing and pre - press processes.

The best way to get into this field after a course is to get on- the- job training. All good institutions offer internship as part of the curriculum.

5.7.3 Essential Requirements

The first and the foremost requisite to take up a position in advertising world is to be creative. This creativity can be in any form, be it in language, communication skills, drawing, innovative thinking, and so on.

Advertising is the best career option for those who are enthusiastic, creative, optimistic, and have the ability to multi task. People skills are a vital requirement for this career as it

makes one understand what a client needs and also helps in effective decision making. An institution running advertising related courses can help train and develop students to pick up traits such as:

- Effective communication
- Presentation and management skills
- Team and leadership skills
- Stress and pressure management
- Persuasiveness
- Confidence
- Competitiveness

5.7.4 Eligibility

Eligibility for most of the advertising postgraduate courses is graduation in any discipline with a minimum of 50 percent marks. Admission to most of these courses is based on an entrance exam and/or interview. Some institutions also offer graduate level courses in advertising, for which they admit students who have cleared class XII.

5.7.5 Job Prospect

- Job opportunities in advertising include openings in private advertising agencies.
- Advertising departments of private and public sector companies.
- Job seekers can also find openings in advertising / marketing departments of newspapers, journals, magazines; commercial section of radio or television; market research organizations and so on.
- One can also work as a freelancer.

5.7.6 Positives of advertising as a career

- Challenging and satisfying job.
- Hefty growth prospects that are one of the best in the country.
- Heavy pay packets with project related incentives.

5.7.7 Negatives of advertising as a career

- An industry that is known for its extremely long working hours.
- High pressure and stress inducing work environment.

5.7.8 Top companies

Some of the giants in advertising and media planning that most students dream of working with are as follows:

Hindustan Thomson Associates (HTA), McCann Erickson, Leo Burnett, Grey, R. K. Swamy - BBDO, Bates, Rediffusion Dy and R, Lintas India Ltd., Ogilvy & Mather Ltd., and Mudra Communications Ltd.

5.8 CAREER OPTIONS IN ADVERTISING AGENCY, MEDIA AND SUPPLYING / SUPPORTING FIRMS

Following are some of the typical roles

A. In an Advertising Agency

1. Advertising Manager

The Advertising Manager **builds and implements the company's advertising strategy** from the business, sales and technical perspective. All the discussions with the sponsors and agencies are initiated and managed by the Advertising Manager. He negotiates agreements with outside sales representatives and manages the development of sales materials, including media kits.

2. Advertising Sales Director

In addition to the role performed by the advertising manager, the Advertising Sales Director **plans budgets and projection for advertising.**

3. Account Executive

The Account Executive is responsible for maintaining good relationships with current and potential advertising accounts/clients. He is also in-charge of developing relationships in order to acquire new accounts.

4. Account Coordinator

The Account Coordinator is responsible for organising advertising for media. He co-ordinates scheduling and promotions to ensure client satisfaction and project completion. Assisting Account Executives in maintaining and nurturing client relationships is part of the job.

5. Media Buyer

A Media Buyer deals with purchasing media space or time, as well as developing the campaign and researching how it will be most effective for the client. The job is to choose a combination of media which is able to communicate the client's message in the most effective manner possible at the minimum cost.

6. Copywriter

A copywriter is responsible for writing the copy for advertisements, TV commercials or print ads. Copy is nothing but words used to promote the product or service. From taglines to brochures to press releases to a leaflet or a newsletter all of it is written by the copywriter. It is one of the most creative and challenging jobs.

B. In Media

A lot of media options are available to communicate the advertising message to the target audience. Students have a wide choice if they want to choose media as a career. However certain skills & qualities are essential which include:

- Creative thinking
- Dedication and hard work
- Working in team

Courses for Media

At the undergraduate level, majority of the institutes conduct Bachelor of Arts (BA) in Mass Communication course for the minimum three year' duration. Students can also opt for postgraduate level study in media through Master of Arts (MA) in Mass Communication. However, doctorate and diploma level courses are also offered by the institutes.

Some of the Institutes in India for Media Courses are:

- Indian Institute of Mass Communication (IIMC),
- International School of Media and Entertainment,
- Pioneer Media School,
- International School of Business and Media,
- Xavier Institute of Communications,
- AJK Mass Communication Research Centre,
- Mudra Institute of Communications (MICA),
- Asian College of Journalism,
- The Times School of Journalism, etc.

Job Prospects in Media

Media is certainly among the top career options among the young aspirants. After pursuing courses in the field, one can find various jobs prospects in both government and private sector.

Students can seek their career as journalist, marketing manager, community arts worker, social worker, personnel manager, charities administrator and many more.

C. Media Production House

Media production involves making films and television serials, fictional and non-fictional programmes. Along with the technical expertise such as direction and editing, it is necessary to have facilities which include equipments and trained manpower required to create programmes. Networking with studios, technicians, actors and channels is also essential.

D. Brand Management

Brand Management involves creating, managing and enhancing brands. It is the art of creating and sustaining a brand in way that it creates differentiation in the customer's minds resulting into brand loyalty. The typical function of a brand manager would be to focus on the big picture, take responsibility for a brand or brand family, map out their competitors in their brand's category, identify marketing opportunities and be able to effectively communicate the unique benefits of that product or service.

Some of the typical roles one can find in Brand Management would be:

1. Brand Manager

The planning and directing of marketing efforts for a brand is carried out by the Brand Manager. He is also responsible for coordinating activities of specialists in production, sales, advertising, promotion, research and development, marketing research, purchasing, distribution, package development, and finance.

2. Product Development Manager

A Product Development Manager is a planning and development specialist. His job is to develop marketing opportunities for consumer or industrial products. A Product Development Manager needs the skills and understanding in marketing research, sales forecasting, and promotional planning.

E. Public Relations

The PR department is considered as the spokesperson of the company. It is responsible for managing communication with the media, consumers, employees, investors and the general public. Writing press releases to promote products or to keep investors informed about business partnerships, financial results or other company news is part of the job.

Some of the typical roles one can find in Public Relations are:

1. **PR Specialist**

The Public Relations Specialist gives information about an organization through media. He is in-charge of writing press releases, speeches, planning special events, representing their company at press conferences and trade shows, tracking trends and looking for opportunities to receive media coverage.

2. **PR Director**

The company's overall strategic public relation programs (Community relations, internal communications, media and investor relations) are developed and implemented by the public relations director. Other responsibilities include planning and budget management.

3. **Corporate Communications Manager**

The task of a Corporate Communications Manager is to create and manage communications programs which describe as well as promote an organization and its products. Speeches/presentations aimed towards employees and consumers are made with his assistance.

4. **Press Secretary**

A Press Secretary works as a liaison between the media, the public and governmental agencies. Requests from newspapers, radio and television reporters; drafting press releases, guest columns and speeches and organizing events such as press conferences are handled by him.

5.9 FREELANCING OPTIONS FOR CARRER IN ADVERTISING

A. **Market Research**

Market research involves researching the intended target, could be companies or consumers. The first step is to understand the consumers, their needs, purchasing habits, and how they view themselves in relation to the rest of the world. Some of the typical roles one can find in a Market Research agency would be

1. **Market Research Director**

An organization's marketing policies, objectives, and **initiatives are guided by the Market Research Director**. He is responsible for the adjustment of the marketing plan after reviewing changes in the marketplace.

2. **Market Research Manager**

The coordination and direction of activities concerned with

market research and the development of new concepts as well as organization's products, services or ideologies is carried out by a Market Research Manager. He is actively involved in the formulation and planning of development proposals which include objective or purpose of projects, costs of projects, equipments and manpower requirements.

3. Market Research Supervisor

A Market Research Supervisor is actively involved in supervision of market research and analysis of information which would help in creating demand for products or services. He is responsible for planning and creating research aspects and development proposals.

4. Market Analyst

The collection and analysis of data in order to evaluate existing or potential product and services markets is handled by a Market Analyst. They are actively involved in the identification and assessment of research market conditions or industry changes that have the potential to affect sales.

B. Graphics

Meaning

Graphic Design is the skill of creating visual communication. Visual communication takes many forms and includes logos, posters, brochures, books, websites, animations, motion graphics and even film and video.

Typical Career Options

Creative, perceptive and energetic individuals may find career in advertising agencies, design studios, printing industry, publishing, packaging, display and exhibition-related design. Lately, opportunities exist in digital media and web design, whilst enterprising graduates practice freelance or open their own studios.

The following is a list of typical Graphic Design related career directions:

- 1. Graphic Design:** One can work as a Graphic Designer in a design studio developing logos, stationery, posters, brochures, catalogues and more. Good technical skills, creativity, and knowledge of Graphic Design processes are requirements for working in this field.
- 2. Advertising:** Work of an Art Director involves generating creative ideas and to oversee execution of these for television, radio, billboards and magazines. The emphasis lies on creative ability to come up with ideas. Further, skill is

required to direct teams of people including photographers and film directors.

3. **Publishing:** One can work as an Art Director in the magazine industry where one will be involved in layout, photography and production of publications. The candidate must possess a good mix of technical skills, design knowledge and have a good eye for photography and styling of photo shoots.
4. **Web Design:** One can also work as a Web Designer in a design/web design agency/studio. Strong technical understanding and creative solutions to technical restrictions are required in this field.
5. **Packaging:** Work of a Packaging Designer involves creating effective packaging which may promote the brand and help ensure product positioning in the market place. They must have a strong understanding of package-oriented production and printing processes.
6. **Multimedia:** Work as a Multimedia artist/ designer designing title sequences for TV shows and graphics for adverts. A Multimedia Artist uses computers to create the art, graphic design, animated images, or special effects seen in a variety of media productions, including movies, television, and computer games. A Multimedia Designer often works as part of a team to create rich web sites, CD-Roms, DVDs or exhibition materials.
7. **Print:** Work as a Prepress Specialist determining preparedness of documents before going to printing. It includes checking colours, gathering fonts, colour finishes, as well as other print industry foundations.
8. **Illustration:** Work as an Illustrator involves conceptualising, painting and drawing new images used for a variety of materials and publications. Artistic talent and knowledge of design programs such as Illustrator and Photoshop are prerequisites.
9. **Typography:** Work as a Type Designer involves creating unique fonts so that words will have a strong visual impact in addition to their implied meanings.

C. Animation

A career in animation requires strong artistic skills and a solid familiarity with the latest in computer animation technologies. It also requires the ability to turn creative thoughts into compelling images, using them to effectively communicate an idea.

There are a number of different career paths for animators.

- Many animators are employed creating animated graphics for a variety of projects. This can include websites, online advertisements and video games.
- Animators can find full-time employment with movie or television production companies, with advertisers, web design firms, video game companies or with animation firms.
- Freelance work is another option for animators, particularly those specializing in web animation.

Most entry-level positions will require an animator to have a bachelor's degree in a related field such as fine arts or media. There are a number of Computer Animation Schools that offer course work specifically in computer animation and associated technologies.

D. Modeling

It is one of the most fascinating career options and extremely popular among youngsters. Good earnings and instant popularity are the main advantages that a career in modeling can offer. As modeling is also considered as a gateway for entry to the film industry the competition in the modeling career is also very high.

Qualification & Qualities

No specific qualification, course or age limit is required to enter into modeling field. However, physical attributes are more important. The first and foremost step is to prepare a portfolio. This consists of a series of photographs taken by a professional photographer. The portfolio can then be shown to an advertising agency or to a model coordinating agency.

Types

Modeling in India is mainly categorized into print modeling, television modeling, still modeling, showroom modeling, ramp/live modeling, advertising modeling etc. The job opportunities are available in product advertising, live fashion shows, music videos, in garment fairs and acting in television programs or films.

Besides models having wide experience in this industry can open school/institution for imparting training to aspiring models. Experienced models also can set up model coordinating agency for providing opportunities to aspiring models.

Institutes

There are several modeling agencies in India that can give a good break to start the career in modeling. Some of the popular modeling agencies in India are Face 1, Mumbai; Ozone Models Management, Mumbai; Mayros Management Services, Mumbai; Catwalk, New Delhi; Platinum Models, New Delhi; Glitz, New Delhi.

E. Dubbing

Dubbing is the post-production process of recording and replacing voices on a motion picture or television soundtrack subsequent to the original shooting. The term most commonly refers to the substitution of the voices of the actors shown on the screen by those of different performers, who may be speaking a different language.

Not only can dubbing be used to perfect audio sounds, but it is also used as one of the two major forms of "language transfer" In this case, dubbing becomes the replacement of the dialogue and narration of the foreign language, into the language of the viewing audience.

F. Printing

If you are mechanically-minded, practical and like hands-on work in a creative environment, then printing is for you. You will utilise a sophisticated range of computer-managed printing machinery to print everything from books, brochures, newspapers, magazines, food and product packaging - practically anything you can think of.

There are many types of printing processes depending on the sort of final product your employer's business produces.

- Some businesses specialize in color magazines, brochures, posters and so on.
- Other manufacture labels for foodstuffs, bottles, clothing and ticketing.
- Some produce specialised items such as chip packets, frozen food wrapping and CD labels. All of these different processes require different types of equipment.

Most modern printing equipment is highly computer controlled, so the work is clean and able to be quality-controlled to a high degree. One will learn how to determine the type of paper or material that will be printed on, how to achieve the exact colour mixes required by the customer, how to produce the most accurate printing and how to use and maintain your equipment

Most printers begin their career with an apprenticeship leading to a Certificate IV in Printing & Graphic Arts.

5.10 SUMMARY

The agencies have to constantly search for new clients some of the ways of getting clients are: advertisement, referrals, presentations, by becoming the member of various associations, solicitations, by building image and reputation.

Client turnover means clients change their advertising agency it affects negatively on the agency. Dissatisfaction with the creative efforts, conflict on payment, handling the competitor's account, Personal Conflicts, Personnel changes in the staff, Unsuccessful Advertising Campaigns, Lack of Coordination & Communication, Inadequate Services, Insufficient Network of the agency, Change of location, New Advertising Agency, Human Tendency to change, Withdrawal of product from market, Lack of accreditation are the main reasons for turnover.

As the market gets more competitive and witness information overload, every marketer is looking for unique and clutter breaking solutions, Pitching is the window for an agency to enter into the client's world.

Commission, Negotiated fee, Agency charges, Cost-plus system, Speculative charges etc are the methods used to compensate the agencies for their services are.

Agency accreditation refers to the process in which certification of competency, authority, or credibility is presented.

The field of advertising offers lucrative employment options in the field of executive and creativity.

5.11 QUESTIONS

1. Explain the ways of getting clients.
2. Define Client Turnover. Discuss the reasons for Client Turnover.
3. What is Creative Pitch? Explain the steps in preparing Creative Pitch.
4. Explain the Freelancing career options in advertising field.
5. Write short notes:
 - a. Agency compensation
 - b. Agency accreditation
 - c. Career Options in advertising field



ECONOMIC AND SOCIAL ASPECTS OF ADVERTISING

Unit structure:

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Effects of advertising on production cost
- 6.3 Ethical and social issues in advertising
- 6.4 Impact of advertising on Indian Values and Culture
- 6.5 Advertising and standard of living
- 6.6 Self-regulation Laws and Consumer protection and welfare
- 6.7 Pro Bono Advertising
- 6.8 Advertising Standard Council of India
- 6.9 Summary
- 6.10 Revision

6.0 OBJECTIVES

After studying the unit the students will be able:

- To explain the effects of different costs on advertising
- To explain how society is affected by advertising both positive and negative way
- To explain the regulatory system in India with regards to advertising
- To explain Ethical and Social issues related to advertising

6.1 INTRODUCTION:

Advertising involves huge cost. It is important to study the economic impact of advertising. Advertising plays an important role in an economy by making consumers aware of goods and services and providing them with information for decision making. Advertising has an impact on consumer demand, monopoly, competition and price. Advertising contributes to the wider economy through its ability to support competitiveness, providing consumers with information on products and services, and helps to increase their choice of goods and services.

6.2 EFFECTS OF ADVERTISING

6.2.1 Effects of Advertising on Production Cost

The term production cost refers to the cost incurred by producer in manufacturing of a product. Advertising does not contribute for increase in the cost of production. Advertising has indirect effects on production cost. Due to advertising, the firm may get higher demand, which may result in economies of scale. Thus per unit cost of production will come down. Following Table shows it very clearly how advertising is resulting in economies of scale.

Table -1

	Production in units	Material cost per unit (Rs.)	Labour cost per unit (Rs.)	Overcost per unit (Rs.)	Total cost of production per unit (Rs.)	Advertising expenses (Rs.)
Before Advertising	1000	50	60	70	180	Nil
After Advertising	2000	40	50	60	150	5000
After advertising	3000	30	40	50	120	10000
After advertising	4000	25	30	40	95	15000

Explanation on Table -1

Before advertising total production was 1000 units and cost per unit was Rs. 180/-

After advertising the demand for the product started increasing and production cost per unit started coming down. Thus advertising indirectly brings down the production cost from 180/- per unit to Rs. 95/- per unit. The gradual reduction in the cost of production is the net result of various factors such as optimum utilization of production capacity, large-scale purchase of raw material, introduction of labour saving devices and use of new technology.

6.2.2 Effects of Advertising on Distribution Cost

Advertising generate demand, which may increase the production resulting in increase in distribution. The advertising expenses will definitely add to the total distribution expenses. But the increase in distribution may lead to economies of scale. Thus the distribution cost per unit will come down.

Table -2

Particulars of expenses	Position before advertising (In Rs.)	Position after advertising (In Rs.)
Units distributed within one week	10,000	50,000
(a) Advertising expenses	Nil	7,500
(b) Sales force Salaries	8,000	15,000
(c) Other distribution expenses	2,000	2,500
Total cost of distribution	10,000	25,000
Per unit cost	1.00	0.50

Explanation -After the advertising the sales volume has increased from 10,000 units to 50,000 units per week resulting in reduction in cost per unit. Here it is from Rs. 1.00 to Rs. 0.50. Means there is benefits of Rs. 0.50 per unit.

6.2.3 Effects of Advertising on Consumer price

Consumer price consists of production cost, selling and distribution costs and profit margin of the seller. An expenditure on advertising will increase marketing cost. But advertising leads to increase in demand and considering the demand for the product, producer go for large scale of production and distribution. As such they get economies of large scale. These economies are passed on partly to the consumers in the form of reduced prices.

6.2.4 Effects of Advertising on Monopoly and Competition

It is argued that advertising is one factor responsible for the creation of monopolies. Advertising is used as a tool for creating brand loyalty. Due to such brand loyalty, consumers prefer one specific product and this restricts the entry of other firms. As a result, monopoly is created. Economist like Samuelson held that the very large advertisers create such brand loyalty that potential competitors find it very difficult to enter the market. But it does not happen all the time. There are many instances when a small manufacturer with limited advertising upsets the position of giants because of effective advertising appeal. Many local and regional advertisers compete successfully against large national advertisers. For example, Nirma Washing Powder made a successful entry in the national market. Hindustan Lever's Surf Brand dominated the market till the late sixties. Twelve years hence Nirma became a major force to reckon with. The success strategy of Nirma is large volume selling with low profit margins but high return on equity.

6.3 ETHICAL AND SOCIAL ISSUES IN ADVERTISING

6.3.1 Meaning

Ethics in Advertising

- A set of Moral values that guide thinking & action in a society at a given point in time.
- Ethics are dynamic.
- An advertisement is considered as unethical when:
 - It gives false information.
 - It degrades the rival's product or substitutes.
 - It is against the national and public interest.
 - It gives misleading information.
 - It is obscene or immoral

Ethics is a branch of social science that deals with moral principles and values. It is concerned with good and bad, with reference to particular culture at given point of time. Now a day, the main interest for advertisers is to increase the demand for the products. Most of the advertisements are found to be false, misleading customers, and unethical. Good advertising is one which is honest. It gives details of the products in a true manner. Many a times advertisers indulge in unethical advertising practices.



6.3.2 Forms of unethical advertising

a) Exaggeration

For example, 'Cleaning of a basket full of clothes with one soap', another example, 'X Bulb will serve for a life time'

b) Misrepresentation

For instance, some advertisers may state that their products are made from foreign components and sometimes they may declare that their products have won international prizes and awards.



c) Misleading Labels and names

For example, the 'Borolene' antiseptic cream label has been copied and its brand name imitated with such words as 'Boroqueen' such misleading names confuse the consumers as to the real manufacturers. A product may carry the famous country mark USA (United States of America). However, it may be a product of Ulhasnagar Sindh Association which is popular for duplicate products.



d) Misuse of Testimonials

Very often, phony testimonials from popular personalities like Film stars, Cricket stars etc. are used in advertisements. For example, Testimonials of the same personality appear on competitive brands

e) Free gifts, discounts and contests

For example, sometimes advertiser offers free gifts or product which are damaged or of old stock or of inferior quality. In case of prize winning contests, the decision of the Judges may be final in favour of their known contestants.

f) Total Lies

For example, Reduction of 10 kg weight within 8 days. Another example could be a company may advertise that millions of its readymade shirts have been sold. In fact, the company produces only a few thousands shirts a year.



g) Cheap and Vulgar advertising

The use of sex symbols, obscene photographs, reference to the most personal body functions of women are some examples of vulgar advertising.



h) Advertising of harmful products

For example, advertisement of Pan Masala, Gutka, Cigarettes and alcoholic drinks are indirectly advertised and promoted.

i) Advertising to children

For example, advertisements of so called junk food such as chocolates, candies, soft-drink etc. can affect their health adversely when consumed in large quantity.

j) False statistics

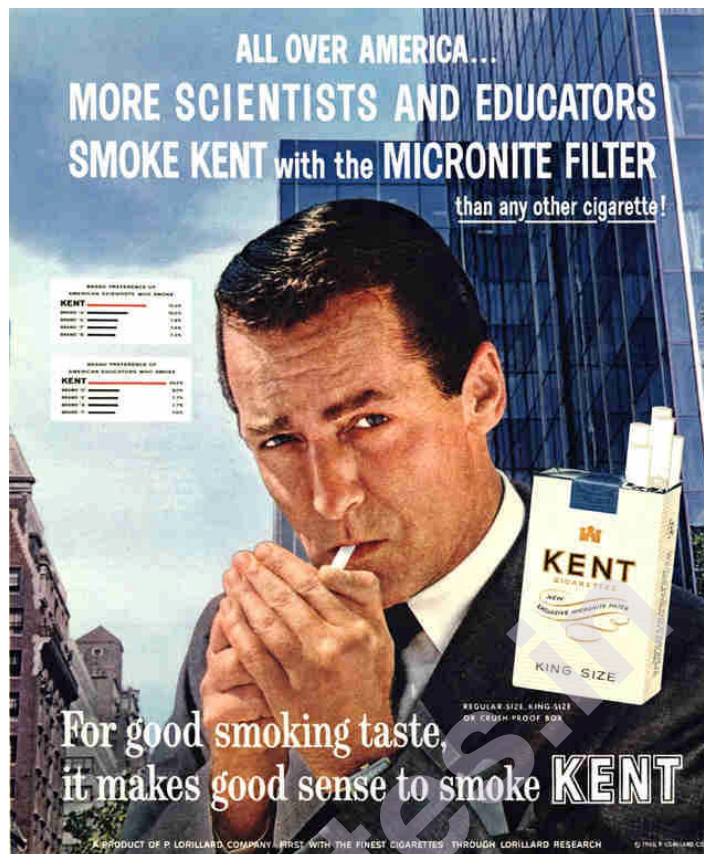
For example, Particular publisher has sold 5000 copies of books when hardly 700 copies are sold.

6.4 IMPACT OF ADVERTISING ON INDIAN VALUES AND CULTURE

Advertising has close relationship with the cultural values. Advertising can be made effective by using various aspects of cultural background and values. Similarly, advertising can also harm and degrade our cultural background and value system. Critics of advertising argue that advertising is encouraging materialistic values at the cost of cultural values while supports of advertising feel that advertising is supporting and strengthening our cultural heritage.

6.4.1 Does advertising degrade our cultural values**It is argued that advertising:**

- a) Advertising supports materialistic values. They support enjoyment, selfish attitude for material gains, extensive use of money power for worldly pleasures, and utter disregard to work culture.
- b) Large number of advertisements show the permissive society of the west. It influences the people to adopt westernized way of life.
- c) C. There are many advertisements that are restricted by law e.g. liquor, cigarette is put in surrogate advertisement form. For example, Bagpiper Soda.
- d) Advertisements of harmful goods are shown in very attractive manner. For example, Tobacco, Pan Parag, Cigarettes which are harmful to health and life.



- e) Extensive advertising leads to severe competition among rival producers.
- f) In many advertisements woman is given passive role. It lowers the dignity of women.
- g) Undue importance is given to sex and nudity. Such advertisements create bad effects on younger generation and lead to crimes among the youth.
- h) Some advertisements show depict scenes of murder, rape and other acts of violence. This leads to harmful effects on the audience, particularly younger generation, and also harms our social and cultural values.

The points noted above indicate some sort of aggression of advertising on our cultural and social values.

• **Supporters of advertising argue that:**

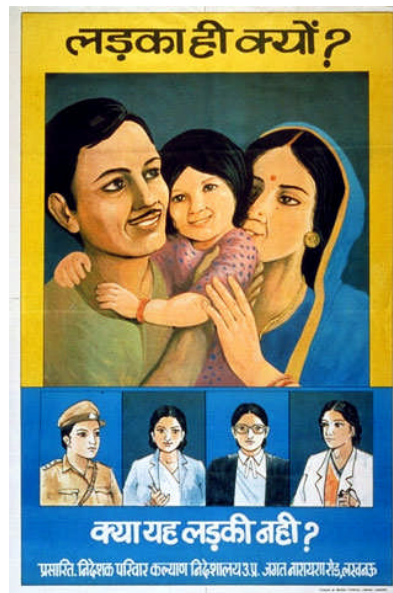
- a) Some advertisements promote social welfare and social values. For example the advertisements related to AIDS, Family Planning, Drug abuse and Environment.



- b) Some advertisements support role of women in our society. For example, advertisements of medicines and washing powder show the care of mother for cleanliness and health of a child

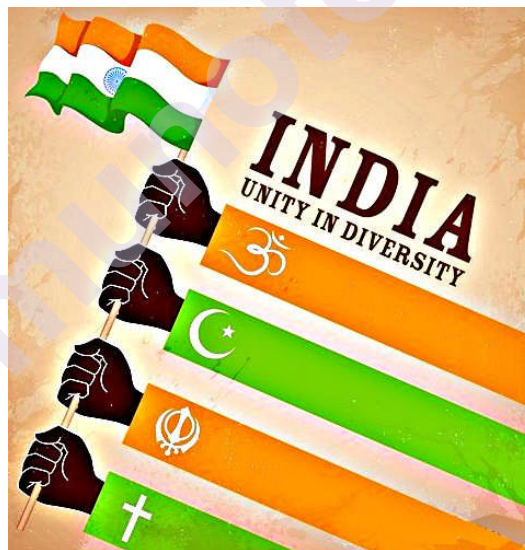


- c) Many advertisements support herbal medicines. For example, advertisement of VICCO Toothpaste etc.
- d) Some advertisements create favourable attitude for women. For example, Amul Ghee shows a man making a surprise breakfast for his wife who is in bed.
- e) Some advertisements support equal importance of male and female child. This develops healthy social outlook on women.



- f) Advertisements related to Joint family and prominent role of women in the family and child care supports family life.

Some advertisements support sports and cultural activities and even sponsor such events.



6.5 SELF REGULATION LAWS AND CONSUMER PROTECTION AND WELFARE

In nearly all the countries, advertising regulation happens on many (many) levels. ... The Consumer Protection from Unfair Trading Regulations is a regulation designed to protect consumers against aggressive sales techniques, false or deceptive ad messages, as well as intentionally incomplete information. In order to prevent misuse of advertising media, self regulation is considered

vitality important in the absence of legislative control on advertising profession. There must be standards/ codes that provide guidelines to undertake ethical advertising. "Advertising and marketing self-regulation is a system by which the advertising, marketing, agency and media industry set voluntary rules and standards of practice that go beyond their legal obligations. Self-regulatory organizations (SROs) are responsible for enforcing industry's commitment to these rules." The purpose of the Advertising Standards Code (Code) is to ensure that every advertisement is a responsible advertisement. All advertising must be legal, decent, honest and truthful and respect the principles of fair competition, so that the public can have confidence in advertising.

6.5.1 Objectives of self-regulation:

- A. Protecting the consumers
- B. Cancellation of accreditation of members who do not follow the code of conduct.
- C. Discouraging unethical advertisements. For example, vulgar and indecent advertisements .
- D. Taking action against the advertisers who advertise products hazardous to human health and life.

6.5.2 Scope of Advertising regulations

Some of the principle concepts of advertising and marketing law include truth in advertising and unfair trade practices. Here are several laws in India that relate to advertising. A snapshot of some of these enactments is provided here under

1. **Consumer Protection Act, 1986-** Section 6 of the Act grants consumers the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices. Section 2(r) of the Act, under the definition of the term "unfair trade practice", covers the gamut of false advertisements including misrepresentations or false allurements. Redress against such unfair trade practices pertaining to false advertisements may be sought under the Act;
2. **Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003-** Section 5 of this Act, inter alia, prohibits both direct & indirect advertisement of tobacco products in all forms of audio, visual and print media;
3. **Cable Television Networks (Regulations) Act, 1995 and Cable Television Networks (Amendment) Rules, 2006-** Section 6 of the Cable Television Networks (Regulations) Act, 1995 provides that no person shall transmit or re-transmit through a cable service any advertisement unless such

advertisement is in conformity with the advertisement code prescribed under the Cable Television Networks (Amendment) Rules, 2006. Rule 7 of the Cable Television Networks (Amendment) Rules, 2006 lays down the “Advertising Code” for cable services which are formulated to conform to the laws of the country and to ensure that advertisements do not offend morality, decency and religious susceptibilities of the subscribers;

4. **Doordarshan/ All India Radio (AIR) Advertisement Code-** Doordarshan and AIR, both under the control of Prasar Bharati (a statutory autonomous body established under the Prasar Bharati Act), follow a comprehensive code for commercial advertisements which control the content and nature of advertisements that can be relayed over the agencies;
5. **Food Safety and Standards Act, 2006-** Section 53 of this Act provides a penalty of up to Rs. 10 lakhs for false and misleading advertisements relating to the description, nature, substance or quality of any food;
6. **Indecent Representation of Women (Prohibition) Act, 1986-** This Act is aimed at prohibiting indecent representation of women through advertisements or in publications, writings, paintings, figures or in any other manner and for matters connected therewith or incidental thereto (Section 3 and 4 of the Act).

Needless to say, the foregoing laws are in addition to applicable IPR laws and other relevant laws in general.

6.5.3 Regulatory Authorities

Advertising Standards Council of India (ASCI) is a self regulatory voluntary organization of the advertising industry. The ASCI has drawn up a code for self regulation in the advertising industry with a purported view to achieve the acceptance of fair advertising practices in the best interests of the ultimate consumer. The ASCI also lays down similar codes for advertisements in specific sectors/industries from time to time. According to the ASCI code, complaints against deviant advertisements can be made by any person who considers them to be false, misleading, offensive, or unfair. The Consumer Complaints Council (CCC) considers and decides on the complaints received from the general public including government officials, consumer groups, complaints from one advertiser against another and even suo moto complaints from the member of the ASCI Board or CCC.

6.6 PRO BONO ADVERTISING (Social advertising)

6.6.1 Meaning :

Social advertising is also called as Pro Bono Advertising. Pro Bono is a shorten version of Latin word -Pro Bono Publico -which means 'for the good of public'.



Social advertising is non-commercial in nature. It is aimed for social benefits. Such advertisements are primarily designed to inform and educate rather than sell a product or service. Such social issues are as follows :

1. Environmental protection
2. Safe driving
3. AIDS awareness
4. Family planning
5. National integration
6. Anti -Dowry Programs
7. Water Conservation
8. Energy Conservation



6.6.2 Advantages:

1. Social advertisement is undertaken for the benefits of the society. It results in Brand identity and Goodwill.
2. Social advertising can be used as a tool for generating Brand loyalty.
3. A company undertaking advertising for social causes is perceived positively by people. It leads to increase in profits of the company.
4. Positive brand identification is another reason for companies to undertake advertising for social causes.
5. Social advertising informs people about the social welfare activities undertaken by the company.

Betiyan ke Mata-Pita Suniye...

दहेज



|| Abb Ek vi Betiya

Dahej Ki Agg Main

DOWRY

Jalae Nahi Jayegee ||

FIGHT AGAINST DOWRY

6.7 ADVERTISING STANDARD COUNCIL OF INDIA:

Advertising Standard Council of India (ASCI) is a professional body set up by advertisers, advertising agencies, Newspapers, Magazines and other involved in advertising. It was set up in 1985. The ASCI has been established to monitor and discourage untruthful advertisements. It ensures that advertising follows the principles of truth and social morality. The council has drawn up a code of self-regulation to ensure the truth-fullness and honesty of representations and claim made by advertisements and to safe guard consumers against misleading and fraudulent advertising. And to ensure that advertisements are not offensive to generally accepted standards of public decency.

6.8 REVISION:

A) When should price be advertised?

Answer: When the quality is not an issue, or if the product is high quality, the reason for the low price should be explained.

B) What do you understand by Surrogate Advertising?

Answer: Surrogate advertising is an indirect form of advertising, which is used in situations where advertising will be legally banned.

C) What is the Truth involved in Advertising rules which applies to Advertisers?

Answer:

1. Advertisers should always ensure the following is kept in mind before advertising.
2. Advertising must always be highly truthful non-deceptive.
3. Ads should be a fair deal.
4. Advertisers should always keep backups on the claims and have evidence for their advertising.

D) What is the main cause for advertisement to be deceptive?

Answer: An ad is deceptive when it omits any information or contains any wrong statement. As it is likely to mislead the customers who will be reacting reasonably under various circumstances and which will help the customer to analyze and decide whether to buy or use the product.

E) What makes an Advertisement unfair?

Answer: If it is likely to cause a substantial injury to the customer, which consumer cannot avoid. If it not beneficial to the customer

6.9 SUMMARY

Advertising contributes to the wider economy through its ability to support competitiveness, providing consumers with information on products and services, and helps to increase their choice of goods and services. Advertising has an impact on consumer demand, monopoly, competition and price. Now a day, the main interest for advertisers is to increase the demand for the products. Most of the advertisements are found to be false, misleading customers and unethical. Advertising can be made effective by using various aspects of cultural background and values. Similarly, advertising can also harm and degrade our cultural background and value system. Advertising Standards Council of India (ASCI) is a self regulatory voluntary organization of the advertising industry. The ASCI has drawn up a code for self regulation in the advertising industry with a purported view to achieve the acceptance of fair advertising practices in the best interests of the ultimate consumer. The ASCI also lays down similar codes for advertisements in specific sectors/industries from time to time.

6.10 EXERCISE

1. Explain the economic effects of advertising on production and distribution cost
2. What is waste in advertising? Explain the reasons of waste in advertising.
3. 'Advertising has an adverse effect on our values and life-styles' Comment
4. Explain the importance of self-regulation laws in consumer's protection
5. Write note on:
 - a) Advertising and consumer price.
 - b) Ethics in adverteng
 - c) ASCI



BRAND BUILDING AND SPECIAL PURPOSE ADVERTISING

Unit structure:

- 7.0 Objectives
- 7.1 Introduction
- 7.2 The communication process
- 7.3 AIDA Model
- 7.4 Role of advertising in developing Brand image and brand equity
- 7.5 Brand Equity
- 7.6 Managing brand crises
- 7.7 Special purpose advertising
- 7.7 Rural advertising
- 7.8 Political advertising
- 7.9 Corporate image advertising
- 7.10 Green Advertising
- 7.11 Trends in advertising
- 7.12 Summery
- 7.13 Exercise

7.0 OBJECTIVES

After studying the unit the students will be able:

- To understand the concept of Brand Building
- To explain the role of advertising in brand building
- To identify special purpose advertising
- To understand the latest trends in advertising

7.1 INTRODUCTION

A brand is the sum total of everything which a company does and that signifies the good and the bad to create a distinct presence in the mind of a consumer. To build a brand requires a strategic vision, a clear focus on how you would want your brand to be perceived and its strong value propositions. Brand Building is not an overnight job. It has to maintain its relevancy over time. Only then can it sustain its existence. In competitive times when every product

manufactured is good in quality, only a distinct identity created for a brand can make it a consumer's first choice. Over a period of time, the product gets identified with certain qualities and this creates a distinct brand identity for the product and company. The American Marketing Association describes the brand as a "Name, term, sign, symbol or design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers".

Example: The Nike swoosh, The McDonalds "M", The Mercedes emblem.



A brand represents value, culture, personality. Brands make it easier for consumers to identify products and services. Brands ensure a comparable quality. For example, Shoes by BATA, Woodland, Colgate toothpaste from Colgate Palmolive, Samsung mobile handsets by Samsung, Lux beauty soap by HUL. Another example is Dabur. Dabur Company is dedicated to Ayurvedic solutions for various consumer needs.

Example:

Dabur Hajmola – for digestion,
Dabur Amla hair oil – for strong hair
Dabur Honey – for good health.

7.2 THE COMMUNICATION PROCESS

Communication comes from the Latin word 'Communis' which means common. In communication we are trying to share information, an idea or opinion.

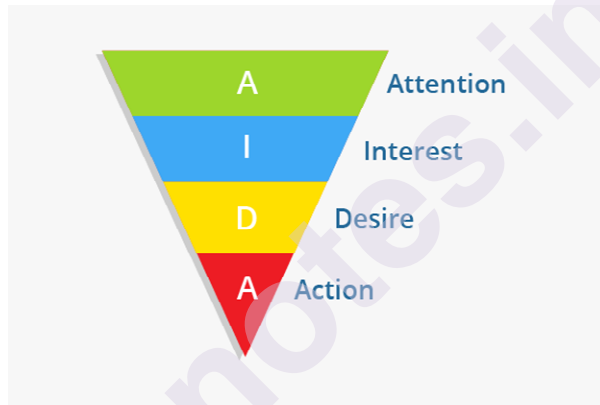
Communication always requires four elements. The elements in the advertising communication process are:

1) Sender -The sender i.e. advertiser encodes the advertising messages and transmit them to the target audience through selected media.

- 2) The Message-With the help of advertising agency advertiser comes up with creative and effective advertising message.
- 3) Medium-Medium means media of advertising through which advertising messages are transmitted by the advertiser to the audience.
- 4) The receiver-The audience is the receiver in the advertising communication. The receiver may be readers, listeners or viewers.

7.3 AIDA MODEL

The AIDA is a model used in marketing that describes the steps a customer goes through in the process of purchasing a product. The AIDA model has been in use since the late 19th century. AIDA model has been developed by E.K. Strong in his book 'The Psychology of selling'. AIDA is an acronym which stands for:



1. Attract attention:

The product must attract the consumer's attention. This is done via the advertising materials. It is a type of "eye catcher." It could be attractive Headline, Attractive illustration (Cartoons, Natural scenes) etc. Examples: a window designed in a striking way, a sensational YouTube clip, or a themed newsletter, or a graphic on a landing page.



2. Maintain interest:

In the first phase, the attention of the potential customer is piqued; their interest in the product or service should be aroused. This is achieved by creating an understanding of the benefits of the product in relation to the needs of the customer. Example: detailed information of the product like Quality, Price, Size, Uses of the product etc.

2. Create desire:

If interest in the product is aroused, it is the seller's task to persuade the customer that they want to own this product. In the best-case scenario, the advertisement or the product itself creates the desire to purchase. The desire can be created by Offering discounts on purchases, Free gifts, Offering Guarantee / Warranty, Use of Testimonials from reputed personalities etc.



3. Take action:

As soon as the desire to buy is aroused, this must be transferred into an action, that is, the purchase. In the case of online shops, this would ultimately be the shopping cart process, in which a customer is lead to a conversion. The ad should end on an active note , such as 'Get one today' 'Hurry up, the last date'



7.4 ROLE OF ADVERTISING IN DEVELOPING BRAND IMAGE AND BRAND EQUITY

A major objective of advertising is brand building. Brand building involves developing brand's core values in the minds of target audience. Brand image is a mental picture or perception of brand in the mind of the customers. It creates a differentiation in the minds of customers and makes it a choice above the others in the same product class. Also Brands offer "value proposition". We buy for emotional reasons, self expressive reasons and factual reasons. Example: For Volvo buyers, it is safety. For Big Bazaar Loyalists, it is value for money. For AXE users, it defines them.

BRAND PILLAR EXAMPLES



Quality, integrity and innovation



Inspire creativity, passion, optimism and fun



Quality, value, and reliability



7.4.1 Techniques of developing brand image

- Creativity in advertising** -Creative advertisements create good brand image. For example, Amul Butter, Vodafone, Cadburys Dairy Milk etc.
- Brand awareness** -Brand awareness is the extent to which a brand is recognised by the existing and potential customers.
- Media selection**-The quality of media or programmes sponsored may influence the brand image. For example, Raymond Suiting may advertise in Business Magazines, but not in a cheap local magazine.
- Symbols or Logos**- The Symbols or Logos also facilitate instant brand recognition and recall. For example, McDonalds, Mercedes, MRF Tyres etc.
- Sponsoring of events** -The event sponsored by the brand /company can affect the image. For example, Tennis Tournament sponsored by Rolex Watches.

- f. **F. Brand Positioning** -Brand positioning helps a brand to achieve a unique position that makes it stand out among the crowd and give it a sort of exclusivity.
- g. **G. Brand Loyalty** - Brand loyalty occurs when customer repeatedly purchase the same product instead of competing substitute product.

7.5 BRAND EQUITY

7.5.1 Meaning

Edward Tauber defines brand equity as, 'The incremental value of a business above the value of its physical assets due to the market position achieved by its brand and the extension potential of the brand' Brand equity indicates the strength of the brand in the market place. A strong brand has high brand equity. Consumers are ready to pay a premium price for a brand with high equity.

7.5.2 Factors affecting brand equity

1. **Brand Image**- Brand image is overall impression of the brand in the minds of consumers. Positive brand image enhances the goodwill and brand value.
2. **After-sale Service**-The after -sale-service provided by the company can make a difference in brand equity.
3. **Brand Patent**-Patenting the product gives exclusive marketing rights for certain number of years. Other companies can not sell similar product in the market without the permission of patent holder.
4. **Perceived Quality**- A brand will have associated with it a perception of overall quality not necessarily based on the knowledge of detailed specifications. Perceived quality will directly influence purchase decisions and brand loyalty, especially when a buyer is not motivated or able to conduct a detailed analysis. It can also support a premium price which, in turn, can create gross margin that can be reinvested in brand equity.
5. **Brand Association**-The underlying value of a brand name is often based on specific associations linked to it. Associations such as Ronald McDonald can create a positive attitude or feeling that can become linked to a brand such as McDonald's. If a brand is well positioned on a key attribute in the product class (such as service backup or technological superiority), competitors will find it hard to attack.

7.5.3 Managing Brand crisis

Brand crisis is a form of product-harm crisis where the negative event centres on one particular brand or set of brands belonging to the same company. In other words, whenever there are "unexpected events that threaten a brand's perceived ability to

deliver expected benefits, thereby weakening brand equity.” In 2016 Maggie received a notice from Food Safety Commissioner of Uttar Pradesh claiming that a package of noodles had been found to contain lead which was seven times above the permissible limit and they recalled the batch. A temporary ban was also put on Maggie and it was pronounced as ‘Unsafe and Hazardous for human consumption.



7.5.4 Following are the ways to manage brand crisis

- a. **First contact list** - Usually in a crisis we need to tread carefully with communications. Rushing out a public-facing press release can easily go wrong. Often we can take a bit of time before putting out a detailed response to the world. But for other stakeholders, be they suppliers, investors, or major clients, we need to be quicker in reassuring them about what’s going on. There’s nothing worse than dealing with an angry public and jittery investor at the same time. Put together a list of all the people who will need to be contacted as soon as possible in the case of a problem. Think about the best person internally to contact them and make sure they’re included in all discussions around the crisis.
- b. **Appoint a spoke person** -Speaking of set roles, we need to choose someone who will be company’s spokesperson. How we perceive a message is heavily influenced by the person delivering it. They could be telling the entire truth, but if their voice is shaky or they look nervous, we instantly doubt what’s coming out of their mouth. Very few people are naturally good at facing a hostile press.
- c. **Use social media-** According to an ODM study, 65% of respondents think social media makes a crisis worse. But 55% think it makes a crisis easier to deal with after. And that pretty much sums it up. Information, correct or incorrect, spreads like lightning through social media. This can make things difficult to control, which is why the guide suggests setting up monitoring in

advance. Social media platforms are a double-edged sword in a crisis. We need to ensure that it is used properly.

- d. **Focus on facts** -Any negative publicity can effectively be countered by showcasing the facts about the issue. Ideally a third party endorsing the contention of the company can also have a positive impact on controlling damage.
- e. **A clear and organized team**-A crisis hits and the sooner we act the better. But who needs to know first? Who needs to start drafting a response? Who needs to investigate the issue? A structured team with set roles for everyone is important. This stops confusion taking hold from the off and keeps everyone on their own task.

7.5.5 Advantages of Branding:

1. Brands allow consumers to distinguish between various Company offerings. (e.g. Sunsilk, L'oreal shampoo)
2. Brands helps consumers to make a quick choice.
3. Experiencing various brands help consumers to compare its quality standards. (Colgate toothpaste)
4. If consumers have the slightest doubt about the performance of the product they decide not to buy it. (e.g. 2015 Maggi noodles controversy)
5. Brands helps consumers to express their social-psychological needs like
 - (a) Social status (Honda car), (b) Success (Rao's Academy), (c) Young (Pepsi)
6. Once the brand creates credibility for itself in the mind of its consumers, automatically it will create loyalty among consumers, which in turn, will always support the increase in the revenue generating capacity of the brand (e.g. Tata, HUL)

7.6 SPECIAL PURPOSE ADVERTISING

Special purpose advertising includes Rural advertising, Political advertising, Corporate image advertising, Green advertising, Online advertising, Digital media advertising, Use of Mobile devices, Social media etc.

7.7 RURAL ADVERTISING

7.7.1 Meaning

According to the 2011 census of India 68.84% of Indians (around 833.1 million people) live in rural area. There are 6,40,867 villages which have thin population density and are widely spread

over large remote areas. There exists diversity with respect to caste, religion, language; social custom etc. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets. Thus, looking at the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

7.7.2 Features of rural advertising:

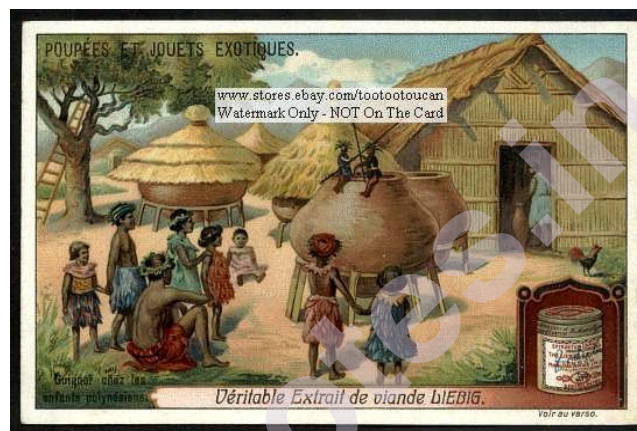
- a. **Rural masses** -The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.
- b. **Diverse Culture**-Indian rural market is very diverse. There exists lot of differences based on customs, traditions, beliefs, morals, practice and so on. So finding a common theme to appeals to such diverse audience is huge challenge



- c. **Local language**-In order to communicate effectively in rural areas, it is essential to make use of local language. Use of 'English' or 'Hindi' in advertisements may not be effective. So not

only the language used in these ads must be local, but also the setting must be local.

- d. **Traditional media** -Traditional media like Puppetry, Folk Theatre, Wall Paintings, ads on vehicles etc. are used for promoting products. Such media has a local reach and is relatively inexpensive. Local advertisers can use these media effectively.
- e. **Development of Infrastructure**-There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.



- f. **Low standard of living**-The standard of living of rural areas is low and rural consumers have diverse socioeconomic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per-capita income, social backwardness and low savings.
- g. **Traditional outlook**-The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages

7.8 POLITICAL ADVERTISING

7.8.1 Meaning

Political advertising is one whose central focus is in the marketing of ideas, attitudes, and concerns about public issues, including political concepts and political conditions. In politics, campaign advertising is the use of an advertising campaign through the media to influence a political debate, and ultimately, voters. These ads are designed by political consultants and political campaign staff. In other words, Political advertising includes any

advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, digital or social media advertising, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support in any election campaign.

The political campaign that bloomed



7.8.2 General Requirements

- Most political advertising requires sponsor identification (a brief message that explains who paid for the ad). The type of ad, print, broadcast, etc., determines how the sponsor ID must be displayed.
- All political advertising about a candidate for partisan office must identify the candidate's party preference. There are no exemptions.
- Statements about candidates in political advertisements must be truthful.
- When candidate photos appear in political ads, at least one photo must have been taken in the last five years and it can be no smaller than the largest photo in the ad.

7.9 CORPORATE IMAGE ADVERTISING

7.9.1 Meaning

Corporate image advertising is also known as institutional advertising. It is a type of advertising that does not focus on specific product, but on the corporate image of the advertiser. The basic purpose is to generate a positive opinion of the company in the minds of the people. In other words, it is a type of advertising intended to promote a company, corporation, business, institution, organization or other similar entity. Such advertising does not attempt to sell anything directly. Institutional advertising focuses on touting the benefits, ideas, or philosophies of your business, or its entire industry, to enhance or repair its reputation rather than selling a product or service. Since institutional advertising attempts to build a positive image, it's closely related to public relations.



7.9.2 Objectives of Institutional Advertising

- The first and foremost objective of Institutional Advertising is to promote the image of a business as a whole rather than of a single product or service.
- The business also tries to promote its mission, vision as well as its philosophies and principles.
- Institutional advertising is also an effective way to create and maintain goodwill about the organization in the market.
- Organizations also use this kind of advertising to promote good qualities such as reliability, low prices or good customer care, that distinguish it from its competitors.

7.9.3 Features of institutional advertising are as follows:

- Focus on corporate name** -The focus of Institutional Advertising is to boost the image of a enterprise as a whole rather than of a single product or service.

- b. **Contents** -It includes research and development activities, social welfare activities etc. of the company.
- c. **Non controversial** -Since only the achievements of the company are highlighted the question of allegations and counter allegations does not arise.
- d. **Media used** -The media used in corporate image advertising is mostly print, I.e., Newspapers and Magazines
- e. **Directed towards-** Institutional advertising is directed towards several groups such as users of the products, suppliers, investors, Government and general public.

7.10 GREEN ADVERTISING

7.10.1 Meaning

Green advertising is a specific type of advertising that is centred around the promotion of factors having to do with environment. It refers to advertising of eco-friendly products. A specific type of advertising that is centred around the promotion of factors having to do with the environment. Oftentimes the companies that use green advertising also use very environmentally friendly operations and product packaging as well.



An important point to note here is that the product is not required to do anything with environment. It is more related to the psychological aspect of a customer that if a product addresses the environmental concerns then it is better. We can even see the companies which cause pollution advertising their product using green advertising to create a positive image in front of customers and present themselves in a good light. Green Advertising helps to attract consumer by highlighting green features and eco- friendly products that are safe for environment as well as consumers. Green Advertising has a positive impact on consumers purchase intentions and builds strong trust between the two.

7.10.2 Green advertising can be used in two ways:

- a. Show that the product is made up of natural resources and is herbal and environmental friendly. This helps in positioning product as natural and better.

- b. Show that a company is concerned for environmental degradation and we are working towards it either directly or indirectly. In this way, companies either make products which helps environment or they invest the money or resources in environment protection activities.

7.10.3 Features

- a. **Purpose** -It promotes environmental friendly products.
- b. **Certificate displayed** - The certificate or logo indicating environment friendly product is displayed
- c. **Implied Claim**-This is an implied of communicating about the product being environment friendly.
- d. **Social responsibility**- Social objective of business is achieved.

7.11 TRENDS IN ADVERTISING

Advertising media is witnessing convergence of media. Convergence allows one media outlet to take advantage of features and benefits offered through other media outlets. For example, there is convergence of television and internet. In the case of some television programs, one can see the same program on the television, and another person can see it on the internet.

7.11.1 Online advertising

Online advertising is also called as web advertising is a form of advertising that makes use of the internet to deliver promotional messages to consumers. In other words, online advertising which is also called online marketing or Internet advertising or web advertising is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers.

Online advertising helps businesses in targeting global customers. Business firm can operate business from anywhere in the world and serve its customers across globe if it has powerful presence online. Therefore, online advertising serves the aspirations of getting global exposure within very short span of time. Nowadays online advertising is a popular trend among all business owners. Online advertising has emerged as one of the most powerful tool of advertising. This is because the wide reach of Internet and online advertising websites. The dependency of people over Internet has increased drastically. They now knock the doors of search engines or various online service providers in any specific domain of their interest. Therefore, having a powerful online presence helps business owners or online traders in getting more and more number of customers for their particular products and services.



There are different forms of Internet Advertising. Banner advertising and pop-up ads are now matter of past. They are still present and equally popular as they were before, but now the stress is on search engines based advertising. People now understand that if they are getting top search engine ranks in almost every popular search engine, then no one can stop them from getting success in their business.

7.11.2. Digital media advertising

Digital media advertising also referred to as e-advertising is the use of electric channels to promote products. Such advertising is digitally displayed. Digital advertising technology exists on the internet, smart phones, and even on automobiles and billboards. In other words, Digital advertising includes promotional advertisements and messages delivered through email, social media websites, online advertising on search engines, banner ads on mobile or Web sites and affiliates programs.



7.11.3 Mobile devices

Mobile advertising is a form of advertising via mobile phones or other mobile devices. Mobile advertising takes place as text ads via SMS, Multimedia messages via MMS, or Banner advertisement that appear in mobile web site, in download apps or in mobile games.

7.11.4 Social media

Social network advertising is a form of online advertising through social networking sites. Popular social media sites, Facebook, Twitter, and You tube offer different ways to advertise brands. Facebook is one of the biggest players in digital advertising.

7.12 SUMMARY

A brand is the sum total of everything which a company does and that signifies the good and the bad to create a distinct presence in the mind of a consumer. The AIDA is a model used in marketing that describes the steps a customer goes through in the process of purchasing a product. AIDA is an acronym which stands for A-Attention, I-Interest, D-Desire; A-Action. A major objective of advertising is brand building. A strong brand has high brand equity. Special purpose advertising includes Rural advertising, Political advertising, Corporate image advertising, Green advertising, Online advertising, Digital media advertising, Use of Mobile devices, Social media etc.

7.13 EXERCISE

1. Explain in detail the communication process in advertising
2. Discuss the AIDA model
3. Explain the role of advertising in developing brand image?
4. What is brand equity? What are the factors affecting brand equity?
5. Explain the features of rural marketing
6. What is political advertising? What are its features?
7. What is Green advertising? What are its features?

