

INTRODUCTION TO ADVERTISING

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1.0 OBJECTIVE

After studying this unit the student will be able to

- Understand concept and features of advertising
- Explain significance of advertising
- Describe classification of advertising
- Discuss the elements of IMC
- Relate AIDA model, DAGMAR model and Hierarchy of effects model with real life

1.1 INTRODUCTION

Marketing mix includes: Product, Price Promotion and Place. Advertising is an element of Promotion mix. The term advertising is derived from the **Latin word ‘advertere’** which means ‘**to turn the mind towards**’. Every advertising turns the attention of the people towards product. The dictionary meaning of the term advertising is ‘to give public notice or to announce publicity.’

Advertising is a communication tool through which marketer / advertiser creates awareness about their new product / services and reminds about existing product / services to their target customers. It also persuades customers to buy the product. Advertising has also been an effective tool to create awareness about the social issues among the general public such

as drive safely, precautions during spread of diseases, cleanliness, consumer rights, save girl child etc.

In the ancient and medieval time, the advertising 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.

In 19th century the great expansion of business was accompanied by the growth of an advertising industry. In this century, primarily in the United States, advertising agencies were established. 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. By 1920s agencies had come into being that could plan and execute complete advertising campaigns, from initial research to copy writing to placement of ad 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. It offered the chance to the manufacturers of products 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. 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. 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 books 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.
(**Britannica.com**)

1.2. CONCEPT AND FEATURES OF ADVERTISING

According to **American Marketing Association** “Any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor.”

According to **William F. Arens** Advertising is the structured and composed non-personal communication of information, usually paid for and usually persuasive in nature, about products (goods, services and ideas) by identified sponsors through various media.”



1.2.1 Features of Advertising:

1. Process:

Advertising is a systematic process which includes:

- **Planning of ad campaign:** It includes planning related to ad message, budget, theme, frequency, time and area of ad.
- **Preparation of ad:** It includes preparing ad campaign by considering nature of product, target audience, competition, etc.
- **Placing the ad:** It includes decision relating to placing of ad campaign in the appropriate media after it is ready.

2. Paid/Controlled Form:

Ad is a paid form of communication. It is not free of cost. The advertiser has to pay for time and space used in media.

It is also controlled form because the advertiser pays for the ad, so he has a control over the content of the ad. He can change the content as he wants.

3. Non-Personal Promotion:

Ad is non-personal promotion because there is no face to face communication between advertiser and audience. It is one way communication where in ad campaign provides information about product and the audience can only watch it or listen it or read it. There is no scope for audience to ask questions or get their queries solved.

But nowadays due to digital media it is also possible for audience to ask questions and get their queries solved from the advertisers.

4. Ideas, Goods and Services:

Advertising is not only undertaken for the promotion of goods and services but it is also undertaken for promoting ideas.

- **Goods:** It includes promotion of any tangible thing such as detergent powder, soap, vehicles, cold drinks, electronic items, clothes, etc.
- **Services:** It includes promotion of any intangible thing such as banks, insurance, transport, communication etc.
- **Ideas:** It includes creating awareness about social issues such as ad campaigns like save girl child, cleanliness and sanitation, awareness about AIDS and cancer, polio, consumer rights etc. which is generally undertaken by Government and NGOs in the interest of society.



5) Identified Sponsor:

The sponsor of the ad is the advertiser. Identified sponsor means that the advertiser should be known through the advertised message. The sponsor identifies himself by:

- **Brand name:** such as Lux, Liril, Pears etc.
- **Corporate Name:** such as Godrej, Bajaj, State Bank of India etc.

6) Art, Science and Profession:

Advertising is an **art** as it requires creativity in convincing and communicating about product / services to the target customers.

Advertising is a **science** because it is a systematic process which includes planning of ad campaign, preparing ad campaign and placing of ad campaign. The ad campaign is prepared step by step.

It is also considered as a **profession** because it offers career opportunities in the field of advertising. One can work in ad agency or make career as freelancing.

7) Element of Promotion-mix:

Marketing mix includes: Product, Price, Promotion and Place. Promotion-mix includes Advertising, Publicity, Sales Promotion, Salesmanship, exhibition, packaging, public relation etc. So the advertising is an element of promotion-mix.

Advertising supports other elements of promotion-mix. Eg. Advertising helps to create awareness about sales promotion schemes (discount, exchange offer, combo offer etc.) of the company among target audience. Also advertising makes job of salesman easy.



8. Influences Diverse Group:

Ad does not only influence customers. It also influences employees, shareholders, intermediaries and the society at large. Due to effective ad campaign not only customers are attracted towards offering of company but also company can attract talented and competent manpower, shareholders invest into company, intermediaries (wholesaler and retailers) are ready to stock products of company in their shop. So this way the advertising influences different stakeholders.

9. Creativity:

Creativity is the essence of ad. Without creativity ad will be unnoticed. It is rightly said that without creativity, ad is just like a body without a soul. The creative team of ad agency put in lot of creativity in the ad campaign to make the ad look apart from other ads. Creativity not only attracts attention of audience but also helps to remember the ad for longer period of time.



10. Objectives of Ad:

Ad is undertaken to achieve certain objectives such as:

- To create awareness about product/services
- To develop positive attitude about product/services
- To enhance brand image
- To improve corporate image
- To face competition

11. Universal Usage:

Ad is not only undertaken by commercial organizations such as HUL, P&G, Godrej etc. but it is also undertaken by non-commercial organizations such as social organizations, Government, NGOs, Schools/Colleges etc. Eg. Ad campaign is undertaken by Election Commission of India to appeal citizens to exercise their vote during election. Ad campaign is also undertaken by NGOs / Social organizations for social cause.

12. Target Audience:

Everything cannot be sold to everyone. So advertiser needs to select target audience and direct ad message to them. Eg. Vim bar ad is targeted towards housewives so the kitchen with utensils to wash is shown in the ad campaign. A thump up ad is targeted towards youth so the stunts are performed to get a bottle of Thumps up is shown. So these ads are prepared keeping in the mind their target audience.



1.3 SIGNIFICANCE OF ADVERTISING



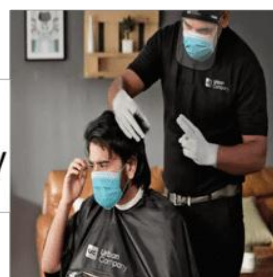
A) Significance to Business Firm:

1. Introduction of New Product:

Through Ad, information about new products/services is given to the target audience. This generates demand for new products/services. Eg. Trivago, Indulekha Hair Oil, Urban Company etc. were introduced to target audience due to advertising campaign.



uc Urban Company



2. Modifies Attitude:

When product is new, people may have neutral attitude towards such new products. They may be confused whether to buy such new product or not. But effective ad campaign helps to convert this neutral attitude into positive one. Eg. New products / services such as Trivago, Indulekha Hair Oil, Urban Company are accepted by customers within short period of time due to their effective ad campaigns.

Consumers may develop negative attitude towards a particular brand due to its negative publicity. But through effective ad campaign the advertiser may clear the doubts of the audience and their negative attitude can be converted into positive one. Eg. Cadbury Dairy Milk, Maggi, Pepsi etc. had developed negative attitude. But these advertisers had undertaken ad campaign in which they communicated people about their corrective action taken and gave confidence to people about quality of product. Due to which these brands have regained their brand image and customers have accepted them again.



3. Builds Image / Brand Image:

Brand image refers to creating image of the product/service in the mind of customers. Effective ad develops brand image of product/service in the mind of the target customers. Eg. Head and Shoulder – Get rid of dandruff. So when we think about dandruff, image of Head and Shoulder comes in our mind. In the same way Harpic Bathroom Cleaner – Kills 99.9% germs. When we think about bathroom cleaner, image of Harpic comes to our mind. This is possible due to their effective ad campaigns.



4. Builds Loyalty / Brand Loyalty:

Brand loyalty refers to:

- Repeat purchase of product by existing customers
- Recommendation of product to others by existing customers.

Advertising creates brand image of product in the mind of customers and customers buy the product again and again and recommend others to buy it. So effective ad campaign helps to develop brand loyalty among the customers towards the product/services.

5. Market Expansion:

Effective ad campaign helps to increase sales and profitability of company. It also attracts customers of different areas. So the advertiser can expand their market from local level to regional level to national level to international level.

6. Corporate Image:

Effective ad campaign not only develops brand image in the mind of customers but also builds image of the firm / company (corporate image) in the mind of stakeholders (shareholders, customers, employees, intermediaries etc.). Corporate image can be built through institutional advertising wherein name of the firm/company is highlighted in the ad. Building corporate image is necessary to get support from stakeholders. Because when corporate image is built shareholders invest into company, customers buy the product, suppliers supply good quality material and give extended credit period, intermediaries are ready to stock products in their shop and company can attract competent manpower. Eg. Ad campaign of L&T, Godrej, HUL etc. emphasizes on developing corporate image of the firm.



7. Improvement in Quality:

Effective ad campaign helps to increase sales of company which leads to increase in profitability of the firm. Some part of profit is used for improvement in the quality of product like purchasing modern machinery,

training employees, research and development activity etc. Due to which the firm/company is able to offer good quality products to the company which results into customer satisfaction.

8. Facing Competition:

Today, markets are flooded with products. There exists cut throat competition in all product categories. Continuous ad is essential to retain the existing customers and attract new ones. So advertising is an effective tool to face the competition and survive in the market.

9. Increased sales:

Ad plays an important role in influencing customers to buy the product. As a result, sale of the company increases.

10. Economies of Scale:

Ad increases demand for the product. As a results production and distribution activities are undertaken on large scale. So the firm purchases raw material on large scale and they get discounts. They also save on transportation cost. So there is saving of cost due to large production and transportation.

B) Significance to Consumers:

1) Better Quality Products:

Advertising intensifies competition. So to survive in cut-throat competition, producers make every possible effort to improve quality of products. This puts consumers in advantage of getting good quality products.

2) Lowers Product Prices:

The firm is able to get benefit of economies of scale wherein the firm is able to save its cost on production and transportation. The part of its saving can be passed on the consumers in the form of discounts and reduction in price. So customers are not only getting better quality goods but also at lower price.

3) Higher Standard of Living:

As discussed in above points that due to advertising the company is able to offer better quality goods at lower price to its customers. Therefore, the customers enjoy higher standard of living (because they are using better quality goods). This is due to customers are able to buy quality goods because it is available at lower price.

4) Consumer Satisfaction:

Again due to advertising, consumers get better quality products at lower price. This increases their satisfaction level and they are happy. Due to

advertising, these days customers are well informed about quality and price so they expect only better quality goods and within their budget.



5) Information:

Advertising provides information to consumers about price, availability, use, benefits and side effects/limitations of product. There are websites where customers can compare the various products on the basis of benefits, price, features etc. Accordingly customers can make their informed purchase decision.

6) Education:

Advertising also educates to consumers about their rights, consumer courts, malpractices by marketers (such as black marketing and adulteration) social issues, etc. This increases awareness of customers about market practices and protects them from exploitation.



7) Reminder:

The ads remind to consumers of their requirements, so they can plan their purchases well in time. Eg. the arrival of a particular season such as Diwali is often shown in ads. This reminds the consumers to make purchase for the festival season. Likewise, ad of Boroplus is shown in winter season, which reminds customers to buy Boroplus lotion to moisturize their skin.



8) Saves time in shopping:

Advertising informs the place / store where the goods/services are available. Their customers need not to waste his time in searching for the store. Eg. Ad of Movies in newspaper or Bookmyshow.com site provides information about names and location of theatres where movie is currently screened. Accordingly, customers can travel to that theatre and watch movie.

1.4 CLASSIFICATION OF ADVERTISING



I) On the basis of Geographic Area:

1) Local Advertising:

It includes undertaking an ad campaign for the local people to buy products from a particular shop or a local establishment. It is mostly preferred by retailers. Such ads are undertaken in the form of hoarding and posters or ad in local newspapers and magazines. Local cable network is also used. The ad of departmental stores like Shopper's Stop, Big Bazaar and also ad of coaching classes, bakery, cinema house etc. are examples of local advertising.

It includes undertaking an ad campaign to cover a specific region which could be one state or an area covered by people speaking one language. It is preferred by manufacturers and regional distributors, of the product. Such ads are undertaken in the form of radio and TV (regional channels), newspapers and magazines and outdoor media is also used to reach the target audience. The ad of Spices, books, clothes etc. are examples of regional advertising.



It includes undertaking an ad campaign which covers entire nation. It is preferred by manufacturers of consumer products. Such ads are undertaken in the form of national media such as TV, radio, newspaper, social media etc. Hindustan Unilever, Reliance Industries, Godrej, Tata, Bajaj etc. are some leading advertisers who advertise at the national level.



4) International / Global Advertising:

It includes undertaking an ad campaign which covers a number of countries. With the advent of satellite TV, international ad campaigns are seen by people in different parts of the world. It is undertaken in order to induce the global buyers to buy the products. Such ads are undertaken in the form of TV, magazines, social media, internet etc. Since MNCs operate at global level, they need such ads. Coca-Cola, Colgate, Sony etc. are some leading advertisers at global level.



II) On the basis of Media:

1) Print / Press Media Advertising:

It includes undertaking an ad campaign in print media such as newspapers, magazines etc. Detailed information about the product can be given in print ad. Further, it also has a reference value. It is one of the most economic and effective methods of ad. Print ad has gained more popularity these days due to improvement in the quality of paper and printing technology.



2) Broadcasting Media Advertising:

It refers to ad on broadcasting media such as radio and television.

- **Radio ad** takes the form of spot announcements and sponsored programmes. It may be in the form of commercial songs, dialogues with short skits, opinions of famous personalities such as film stars,

sports stars etc. Radio ad has audio impact. The radio jingles are quite popular and help to sell the products.

- **Television** is extensively used for ad. It is the form of short commercials and sponsored programmes. It offers benefit product demonstration. TV ad offers both audio-video impacts.



3) Outdoor Media Advertising:

It includes undertaking an ad campaign on posters, banners, neon signs, transit ad, Point of Purchase (POP) ad etc. It is an excellent form of reminder ad. It is more effective for local ad.



4) Internet Media Advertising:

Internet is growing ad media in the present era. Use of World Wide Web is made to advertise. Different types of internet ad includes ad banners, websites, interstitial, email ad, search based ad and so on. One major benefit of internet ad is the immediate publishing of information that is not limited by geographic or time constraints. Online ads can be customized ads, making consumer targeting more efficient and precise.



III) On the basis of Target Audience:

1) Consumer Advertising:

This is the most common form of ad. It is aimed at the ultimate consumer. It not only attracts the attention of consumers but also persuades them to buy the product. Such ad is undertaken through mass media like television, newspapers, magazines, internet etc. These ads are designed for the general public and so technicalities are avoided while designing the ads. Consumer ads promote the sale of consumer goods such as soaps, detergents, powders, cosmetic, toothpaste, motor cycles, refrigerators, music system, furniture items etc.



2) Industrial Advertising:

This type of ad is used by manufacturers and distributors of industrial goods such as machinery, equipments, spare parts and components, fabricated materials etc. It designed for businessmen / industrial customers. Such ads usually appear in trade publications. Other media

used include business magazines, direct mail, trade fairs and exhibitions etc.



3) Trade Advertising:

Trade ad is directed towards channel of intermediaries such as wholesalers and retailers who are involved in the distribution process. It aims at persuading and motivating intermediaries to stock the products of the advertiser. Ads inviting dealership for a particular are the common forms of trade advertising. Trade journals, brochures, direct mail, commercial press etc. can be used for trade advertising.



4) Professional Advertising:

Ad which is targeted towards professional groups such as doctors, lawyers, teachers, architects etc. is called professional ad. It is undertaken by manufacturers and distributors who depend on these professionals to endorse their products to the ultimate consumers. Products like medicines, building material and books are generally purchased by users on the recommendation of doctor, architects and teachers respectively. These ads can be technical in nature. Professional journals and magazines are used for such type of ad. Personal selling also plays important role here. Eg. Medical Representatives (MR) approach to doctors along with samples of

medicines and convince them to recommend their medicines to the patients.

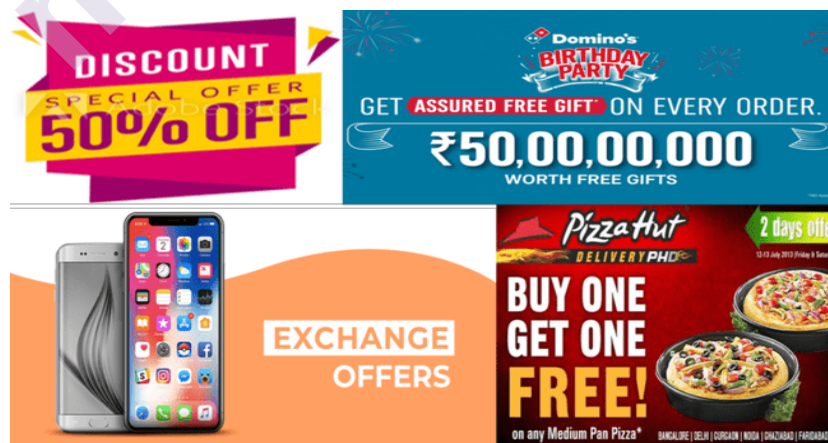


IV) On the basis of Functions:

1) Direct Action and Indirect Action Advertising:

Direct Action Advertising:

Ad designed to obtain some immediate response from the target customer is called direct action ad. All sales promotion ads are direct action ads. Discount sale ad, free gift offers, exchange offers, premium offers etc. are examples of direct action ad. Here the focus of advertiser is on increasing sales of their product.



Indirect Action Advertising:

This ad is designed to influence the target audience to have a favourable image of the brand advertised. Such ads induce buyers to prefer the advertiser's brand over the competitor's brand. Here the advertiser

compares his products and highlights superiority of his product over competitor's product.



2) Primary Advertising and Selective Advertising:

Primary Advertising:

This is also called generic ad. It is intended to affect the demand for a type of product and not of a particular brand. It educates the consumer about the benefits of an entire product class. It is undertaken by trade associations or co-operative groups without referring to their specific brand name. For Eg. *Sunday hoye Monday roj khao anday!* - Ad campaign by National Egg Coordination Committee. In this ad name of any brand is not highlighted. Here advertiser focuses on informing consumers about benefits of consumption of egg (a product class) during summer.



Selective Advertising:

It is intended to promote an individual manufacturer's brand rather than a generic product. It is aimed at stimulating demand for a particular brand such as TATA Tea, Surf Excel washing powder, Videocon television, Hero Honda bike, Titan watches etc. Most of the ads fall under this category. The main purpose of this ad is to make the specific brand popular and increase its sale.



3) Product Advertising and Institutional Advertising:

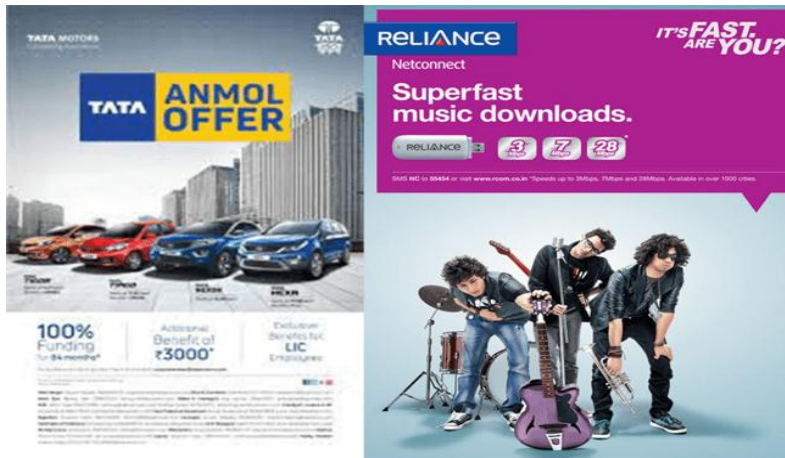
Product Advertising:

When the manufacturer / retailer advertises to promote the sale of his products or services by promoting specific brands, it is called product ad. Most ads are product ads. It may emphasize on the product itself or on the some of its features such as price, quality, uses etc. Eg. Ad of Tide, Kwality Walls, Garnier etc.



Institutional Advertising:

It attempts to promote a 'corporate image' by creating a favourable image of the company in the minds of general public. In such a case, the company name is used as a focus point in ad. It is undertaken by big business houses. Eg. L&T, TATA, Reliance etc.



1.5. ELEMENTS OF INTEGRATED MARKETING COMMUNICATION (IMC)

Concept of Integrated Marketing Communication (IMC):

Integrated Marketing Communications (IMC) is the process of integrating, coordinating and combining the various marketing and promotional elements to deliver the same and consistent marketing message across customers and channels. IMC can combine different channels like email, social media, TV, print etc. and different methods like advertising, direct marketing, sales promotion, PR etc.

IMC makes sure that irrespective of the delivery channel, the message and positioning does not change. The basic IMC tools used to accomplish an organization's communication objectives are referred to as the promotional mix.



Definition:

According to William Stanton “as the element in an organization’s marketing mix that is used to inform, persuade and remind the market regarding the organization and/or its products.

The American Association of Advertising Agencies define IMC as “a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency and maximum communication impact

Examples of Integrated Marketing Communications:

- 1) Uber launched an integrated marketing campaign which uses integrated marketing communications that is solely based on the theme of togetherness. A multi-platform campaign was rolled out with Facebook and YouTube as primary channels and television for broader air coverage and radio for the audience while commuting.
- 2) Coca Cola launched ‘Open Happiness’ campaign through a very catchy TV commercial. The company ensured that other communication channels like social media, print, online ads, outdoor media etc. were also used effectively. This shows the overall use of IMC channels to capture people across media channels.

Elements of Integrated Marketing Communication (IMC):

1) Advertising:

Ad is a paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. This is often the most important part of marketing communications. The paid aspect means that the space for an advertising message generally has to be bought. The advertising is done through media such as newspaper, magazines, radio, TV, catalogues, direct mail, hoardings, internet, mobile phones etc.

Objectives of advertising are:

- To create awareness about new product/services
- To develop positive attitude towards product/services
- To enhance brand image
- To improve corporate image
- To face competition

2) Publicity:

Publicity is also a way of mass communication. It is not paid form of promotion. Publicity comes from reporters, columnists, and journalists. Publicity involves:

- Giving interviews,

- Conducting seminars,
- Offering charitable donations,
- Inaugurating mega events by film actors, cricketers, politicians, or popular personalities,
- Arranging stage show, etc.

That attracts mass media to publish the news about them.

3) Sales Promotion:

It includes various techniques that are used to increase sales of goods and services. These techniques include:

- Discount Coupons
- Free Samples and free gifts
- Exchange offers
- After-sales Service
- Combo Offer
- Guarantees or warranties
- Contests

Objectives of Sales promotion activities are:

- To introduce new products
- To attract new customers and stimulate demand
- To increase sales during slack (non-season) periods
- To counter sales promotions campaign of competitor etc.

4) Public Relations (PR):

PR is concerned with maintaining rapport with different groups such as employees, customers, suppliers, investors, government and so on. It focuses its attention on evaluating public attitudes and opinions about an organisation's policies, procedures, and action. It is the development of rapport, goodwill, understanding and acceptance through a two way communication. The heart of public relations is not to sell product, but to produce a favourable image of a company and improve it, if necessary.

5) Direct Marketing:

It is a system of marketing by which organizations directly communicate with the target customers to generate a response or transaction. Intermediaries are eliminated from the distribution process.

It includes traditional direct methods such as Yellow Pages, Direct-mail (sending sales letters, brochures, catalogues to target customers), Door-to-door calling etc. The modern direct marketing methods include Telemarketing, Direct radio selling, Magazine and TV advertising, Online shopping etc. Companies like Amway, Tupperware, Dell Computers and Gateway have been successful in direct marketing.

6) Personal Selling / Salesmanship:

Personal selling or salesmanship is the oldest and the most popular method of selling goods and services. It refers to the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. It involves face-to-face interaction between the sellers and the potential buyers. The approach of personal selling is always flexible. Looking into the situation and interest of the customers, the approach of the salesman is decided instantly. Personal selling is of two types:

- **Across the counter selling:** where customer goes to the salesman (into the shop)
- **Door-to-door selling:** where salesman goes to the customers.

7) Sponsorship:

A firm may sponsor sports, cultural and social events to create a distinct image for the organization and its brands. Sponsorship is undertaken for the following purpose:

- To familiarize the name of a brand or company
- To reinforce corporate identity
- To attract media interest

8) Trade fairs and exhibitions:

A trade fair and exhibition is where companies in a specific industry can showcase and demonstrate their latest product. Trade fairs provide a platform for companies to meet industry partners and customers and examine market trends and opportunities. It provides unique networking platform to the participants. Objectives of participation in trade fair and exhibition includes:

- Demonstration of the product
- Studying the activities of competitors
- Establishing contacts with potential buyers
- Understanding recent market trend and opportunities

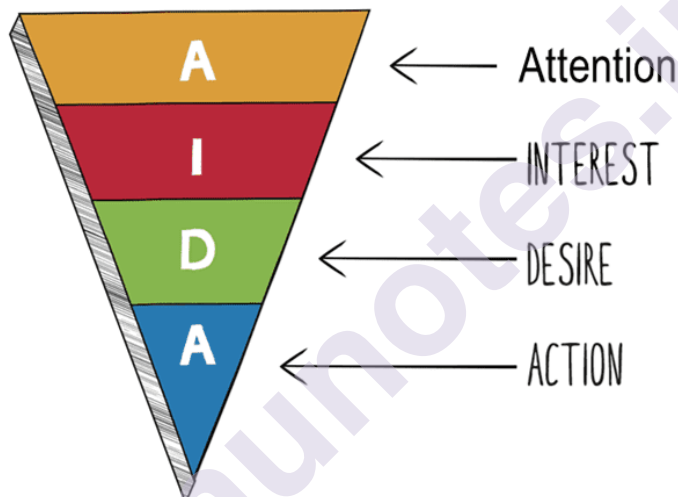
9) Packaging:

A properly designed package can influence and induce the prospects to buy the product. Packaging plays important roles such as:

- Providing information of the product
- Protecting of goods while transporting and handling
- Preservation of quality of the product
- Promotion of the product

1.6 BEHAVIOURAL MODEL (E.K. STRONG AIDA)

The AIDA model is one of the basic but crucial models used to develop effective advertising and marketing campaigns. The AIDA Model identifies cognitive stages an individual goes through during the buying process for a product or service. AIDA is an acronym which stands for:



Stages of AIDA Model:

1) Attention:

The attention stage is the most underrated stage of the AIDA model. This is the stage where the brand creates awareness and attracts the attention of its potential customers. It is the first interaction between the brand and the customer. The existence of a brand does not mean that the customers will know about it. The brands have to ensure they are making themselves visible to the customers. For this, they may take the help of traditional techniques like print advertisements or TV, Radio advertisements as well as social media handles like Instagram and Twitter is also crucial to get the attention. **For example**, many customers were unaware of CRED. CRED was founded in 2018 but people started recognizing it in 2021 when they made small advertisements with icons from the 90s. The most famous one was the one with Rahul Dravid and his famous ad “Indiranagar ka Gunda”.

2) Interest:

After the attention stage, comes the interest stage. Here communication is the key. It is extremely important that the message from the brand about their products and services is crisp and to the point. It should be formed in such a way that the consumer should be eager to start their research about this product. The message should encompass all that conveys to the consumer that their needs will be fulfilled and how the brand plans to fulfill them. **For example:** In all the advertisements shown by CRED they had a very simple message- “Download CRED and get a reward for paying your bills.” They spoke about their product and conveyed that rewards will be given if you pay your credit card bills. This simple message created a buzz and ensured that consumers went on to read about CRED and what this app offered.

3) Desire:

After the attention grabbing and Interest generation comes the desire stage. This is the stage when brands have to be very careful. Here the brand should take the opportunity to highlight the benefits or the Unique Selling Proposition (USP) of the product or service. What is that the brand is offering which is unique to them? For Example, CRED offers cred coins that can be used to earn rewards and cashback. They also use the tagline - “It pays to be good.” This creates the desire to download the app as the customers are now understanding how exactly CRED will benefit them and what they will get here which they will not get anywhere else.

4) Action:

Now the final stage where the customer buys the product or subscribes to the service has come. The customer has a positive idea about the brand and is convinced that the brand will benefit them and solve their problem. In the case of CRED, the customer is convinced that they will benefit from paying their credit cards bills on time if they do it through CRED. This is when they will download the app or register themselves. In general terms, brands may offer discounts or early bird offers to customers to expedite or confirm the buying process.

Example of brand used AIDA model successfully:

Netflix:

When Netflix came to India, the biggest problem they faced was that Indians already had access to free and continuous content on various platforms with the majority of houses having cable connections. Netflix had to appeal to a new market and convince them to take up Netflix. **This is how they used the AIDA model:**

- 1) To grab attention Netflix went the traditional way of outdoor advertising by placing huge posters of shows like Narcos, Friends, etc. They also had a few original shows under their banner like Sacred Games which they promoted.

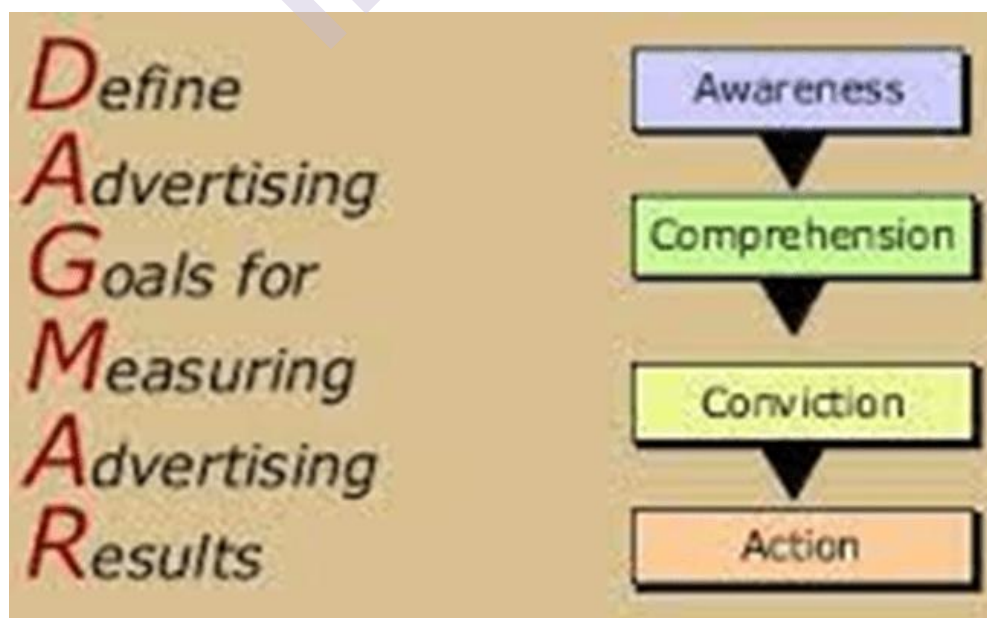
- 2) Interest was created by focusing on the youth population of India. Customers would see the 1 monthly free trial on their website which would create curiosity about other shows that were being featured on Netflix.
- 3) After experiencing 1 month free trial Netflix, the desire to continue with Netflix would become stronger with the original documentaries, shows, multiple original web series, a large Hollywood and Bollywood movie collection, features like support for any device, personalized recommendations based on watching habits of viewers, high-resolution videos and much more.
- 4) The action step would be achieved when Netflix offered multiple plans for subscriptions depending upon the pocket of the customer. The customer at this point is hooked to all that is being offered and converting the customer here becomes easier.

1.7 DAGMAR MODEL (RUSSELL COLLEY)

The DAGMAR approach of advertising was devised by Mr. Russell Colley. DAGMAR is a concept used in advertising to set advertising objectives and goals. DAGMAR is an abbreviation for “Defining advertising goals to measure advertising results”.

Russell Colley observed that although people were investing in advertising, they had to invest a lot of time in other marketing activities to get the Return on Investment (ROI) of advertising. This is because the ROI from advertising was unknown.

Hence, Russell suggested 2 main ways that maximum ROI could be achieved with the usage of Advertising alone. Hence, a company which was thinking of 10 different ways to market its products, could check the ROI from advertising, when it wanted to study how effective it's advertising was.



The main objective of this model is to communicate the desired message to the target audience. **This communication task involves 4 stages.**

1) Awareness:

Awareness of the product / service is required before the purchase. The primary purpose of advertising is to improve consumer awareness about the product.

Once the consumer is made aware of the product, it should not be forsaken. The consumer tends to get puzzled by other competing advertising if they get ignored.

At this stage the targeted audience becomes aware about the brand / product. The objective of advertiser is to make people aware about the brand / product.

2) Comprehension:

Awareness is not sufficient to influence the customer for the purchase. Knowledge and the right understanding of the product and the company are important. This can be done by providing information about the company and product.

At this stage the customers get more information about the product and understands the benefits of using product. The objective of advertiser is to provide information about the product.

3) Conviction:

At this stage, a sense of conviction or faith is established, and by creating interests and preferences, customers are convinced that a certain product should be tried at the next purchase.

At this stage a customer evaluates different products and plans to buy the product. The aim is to create a positive mentality to buy a product.

4) Action

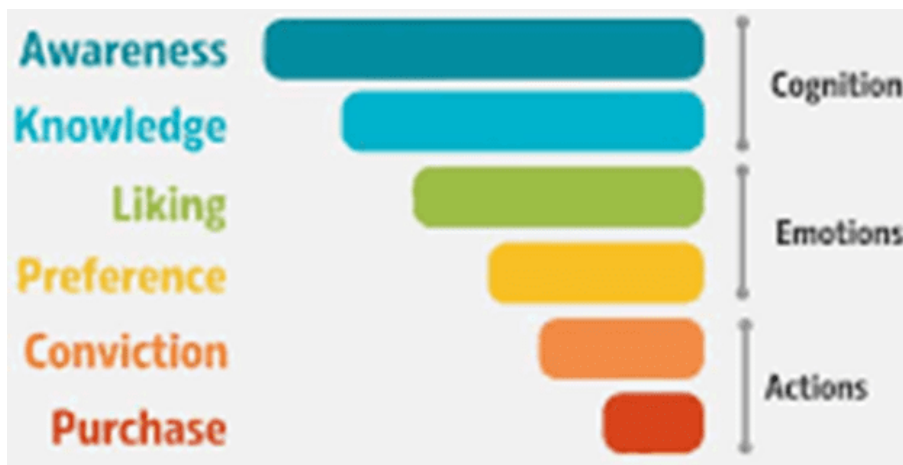
This is the last step which includes the final purchase of the product or service by the customer. As soon as the desire to buy is generated, this must be transferred into action i.e. the purchase. **The objective is to motivate customers to buy the product.**

1.8 HIERARCHY OF EFFECTS (LAVIDGE AND STEINERS)

The hierarchy of effects model shows how advertising influences the decision to either buy or not buy a given product / service. The theory was founded by two individuals Gray A Steiner and Robert J Lavidge, in 1961.

This marketing communication model, suggests there are six steps from viewing a product advertisement till product purchase. The job of the

advertiser is to encourage the customer to go through the six steps and purchase the product.



Stages of Hierarchy of Effects model:

1) Awareness:

This is where the customers come to know the existence of a product through advertisement. It is a challenging stage because there is no surety that the customers will become aware of the product after it is advertised. Note that consumers come across so many advertisements every day. So, they are likely to remember a very small fraction of the products brand.

2) Knowledge:

This is a stage where advertisers expect customers to gain more information about the advertised product. It can be through product packaging, retail advisors, and the internet. It is an important step, especially in this digital era. Consumers are able to gain knowledge about any product by simply clicking a button.

3) Liking:

It is a stage where advertisers have to ensure that the customers like the product. They have to ensure that the features they promote a given product encourage the customer to like it.

4) Preference:

There is a possibility of customers liking not just one but more product brands, and they might end up purchasing any of them. Advertisers need to ensure that customers shift their focus from rival products and instead concentrate on their product. To ensure this, it is necessary that they highlight the benefits of their brand, including their unique selling points. This way, customers are able to differentiate the product from the rest.

5) Convictions:

At this stage, advertisers should be able to arouse customer's desire to purchase the advertised product. To encourage conviction, they can allow

potential buyers to test the product. If the product is food, they can give consumers free samples to go and try them out first. In case of a car, they should invite customers for a car driving test. This way, consumers will be confident when they finally decide to purchase the product.

6) Purchase:

This is a stage where advertisers expect consumers to buy their products. The step should be simple and easy to encourage customers to purchase the product. For example, a website that is slow may discourage online purchases. A complicated payment process can also make consumers shy away from buying a product.

1.9 SUMMARY

Advertising is a marketing tactic involving paying for space in the suitable media (TV, Radio, newspaper, magazine, social media, internet) to promote a product, service, or social cause. The goal of advertising is to reach people most likely to be willing to pay for a company's products or services and entice them to buy.

1.10 EXERCISE

Fill in the blanks:

- 1) The term advertising is derived from the Latin word '_____ which means 'to turn the mind towards'.
(**advertere**, adventure, anonymous)
- 2) Advertising is _____ form of promotion of goods and services.
(Unpaid, **Paid**, Free of cost)
- 3) Advertising is an element of _____.
(Pricing, Product quality, **Promotion Mix**)
- 4) _____ advertising includes undertaking ad campaign to cover a state or an area covered by people speaking one language.
(**Regional**, Local, International)
- 5) _____ is one of the elements of Integrated Marketing Communication (IMC).
(**Personal Selling**, Pricing, Product)

True or false:

- 1) Advertising promotes only goods and services and does not create awareness about social issues of the society. **FALSE**

- 2) Effective ad campaign helps to introduce new product in the market. **TRUE**
- 3) Ad campaign undertaken to target professionals like doctors, engineers, and teachers is known as trade advertising. **FALSE**
- 4) IMC stands for International Marketing Council. **FALSE**
- 5) DAGMAR model of advertising was devised by Mr. Russel Colley. **TRUE**

Match the pairs:

Group - A	Group – B
1) Jago Grahak Jago advertisement	a) An element of IMC
2) Amul Milk ad	b) E.K. Strong
3) Sponsorship	c) Makes consumer aware about their rights
4) AIDA Model	d) Primary Advertising
5) Sunday hoyo Monday roj khao anday!	e) National Advertising

(1-c, 2-e, 3-a, 4-b, 5-d)

Answer in brief:

- 1) Explain the features of advertising.
- 2) Discuss the significance of advertising.
- 3) Briefly describe classifications of advertising with suitable examples.
- 4) What are the different elements of Integrated Marketing Communication (IMC).
- 5) Write a note on following
 - a) Behavioural Model – AIDA (E.K. Strong)
 - b) DAGMAR Model (Russel Colley)
 - c) Hierarchy of Effects (Lavidge and Steiners)

1.11 REFERENCES

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ADVERTISING AGENCY AND MEDIA

Unit Structure

- 2.0 Objective
- 2.1 Introduction
- 2.2 Various functional departments of ad agency
- 2.3 Types of ad agency
- 2.4 Measures for gaining clients by ad agency
- 2.5 Reasons for losing clients by ad agency
- 2.6 Evaluation criteria for selecting an ad agency
- 2.7 New media options
- 2.8 Forms of digital media
- 2.9 Media objectives
- 2.10 Criteria for selecting suitable media
- 2.11 Methods of setting advertising budget
- 2.12 Exercise
- 2.13 Summary
- 2.14 References

2.0 OBJECTIVES

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

- Explain about various functional departments of ad agency
- Know various types of ad agency
- Discuss measures for gaining clients by ad agency
- Highlight reasons for losing clients by ad agency
- Evaluate criteria for selecting an ad agency
- Elaborate new media options
- Describe forms of digital media
- Tell media objectives
- Understand criteria for selecting suitable media
- State methods of setting advertising budget

2.1 INTRODUCTION

Advertising agencies started as space brokers for the handling of the advertisements placed in newspapers. Through the years, however, the function of the agencies has changed. Their main job today is not to aid media but to serve advertisers.

An advertising agency is a professional service firm hired by other businesses, corporations, non-profits, and government agencies to plan, produce, and manage the showing of advertisements in different mediums.

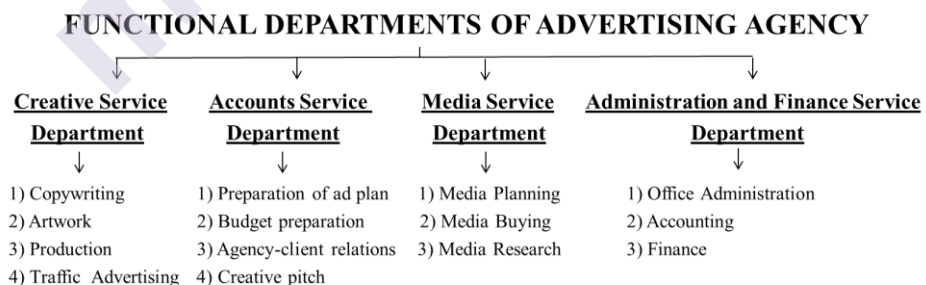
An advertising agency is a firm that specializes in the creation, design and placement of advertisements, and in the planning and execution of promotional campaigns for products and services of their services.

Today, ad agency is an advertising experts or specialists in planning, creating and placing of advertisement. They plan and execute entire advertising campaigns. They conduct market research also on behalf of business enterprises. They choose the necessary description or brands, design the package or labels on the package. They select the media of advertisement. They prepare entertainment as well as commercial spots for radio and TV advertisements.

Definition of Advertising Agency:

According to **Association of Advertising Agency of America (AAA)** “an independent business organization, composed of creative and business people, who develop, prepare and place advertising in advertising media for sellers seeking to find customers for their goods and services.”

2.2 VARIOUS FUNCTIONAL DEPARTMENTS OF AD AGENCY



A. Creative service department:

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

1. Copywriting:

Copywriting is the process of writing advertising promotional material.

Copywriters are responsible for text on promotional material. It is the skill of choosing the right words and techniques of arranging them smartly to promote product or idea.

2. Artwork:

The art directors and artists prepare the artwork of the advertising which includes designing illustration, graphic designing and layout. They are responsible for the overall visual aspects of an advertising campaign.

3. Production:

After the copy has been written and the artwork is approved by client, the ad is turned over to the production department. This department 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 ad. At times, agencies handover this function to outside independent agency.

4. Traffic:

Here traffic means scheduling. To keep the work flowing on schedule, there is the traffic officer. His major duty is to monitor the production of finished ad so that it can be placed in media as per schedule.

B Accounts service department:

This department is responsible for providing services to the client. The department comprises of accounts executives and account supervisors. An account executive acts as the link between the agency and the client. He/she is responsible for the overall agency-client relationship. The account executives perform the following work:

Preparation of Ad plan:

The account executive studies product and requirements of the client and accordingly prepares advertising plan. Later on this ad plan is sent to the client for approval.

1. Budget preparation:

The account executive may assist media planning department in preparation of advertising budget of the client.

2. Agency-Client Relations:

The account executive acts as a link between the agency and its clients. He maintains good rapport and relations with the client. He/ she handle the requirements and problems of the client.

3. Creative Pitch:

The account executive may assist creative people to make a presentation of creative pitch to the client.

B. Media service department:

The media service department is responsible for media planning, buying time and space, and media research.

1. Media planning:

This section is responsible for planning and selection of the right media-mix (TV, Radio, magazine, newspaper, digital media etc.) considering certain factors such as ad budget, objectives of the campaign, nature of product, nature of target audience and so on.

2. Media buying:

This section is also responsible for buying time and space in the media to run the ad campaign. The media executives prepare media schedule, relating to the dates and time/space of broadcasting or publishing the ads.

3. Media research:

The research section undertakes media research to find the effectiveness of the media with reference to specific products. This section may also undertake pre-testing and post-testing of ads.

D) Administration and Finance services department:

This department is composed of office managers, accounts and finance managers and clerical staff. It looks after the administration, accounts and finance related matters. The department performs following functions:

1. Office administration:

The office manager is responsible for day-to-day office administration. He also looks after office management and handles issues related to personnel i.e. recruitment, training, promotions, transfers etc. The clerical staff provides clerical services like typing, filing and record keeping.

2. 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.

3. Finance:

This section deals with internal budgets, cash flows, preparing investment plans etc. It also makes analysis of profit and loss statement.

2.3 TYPES OF AD AGENCY

1. Full Service Agency:

A full agency is usually large in size and offers their clients a full range of services such as copywriting, artwork, production of ads, media planning etc. It may also provide marketing consultancy services, in respect of

pricing, distribution, packaging, product design etc. The biggest advantage of utilizing the services of a full service agency is that they have the best talent and they provide numerous services, all under one roof. For companies who want a one-stop approach full service agency is the best option.

2. Modular Agency:

It is a full service agency that sells its services on piece meal basis. It may provide only creative services to an advertiser. The advertiser avails other services from elsewhere. Fees are charged for actual work undertaken.

3. Creative Boutique:

This is a form of advertising agency which provides only creative services and not full-service. For clients who seek creative talent because of unavailability of talent in the in-house agency or because of the repetitive forms of advertising, creative boutiques are the best place to go after.

They are known for their superiorly creative and innovative ads. Apart from creating ads, they do not offer any other service. Therefore it increases their focus and the quality of the output they produce. The disadvantage of availing the services of a creative boutique include that the clients have to employ other ad agencies for the rest of the functions. Co-ordination between the two agencies can be full of hassle.

4. Global and Local Agency:

Agencies can also be classified as global and local agencies. The global agencies have branches or offices worldwide. Eg. WPP Group, and Ogilvy & Mather have offices in over 100 countries across the globe. There are also local ad agencies that cater only to local markets. Eg. Bright & Kohinoor operate in Mumbai.

5. Mega Agency:

Mega agencies refer to the merger of the agencies worldwide. In 1986, Saachi & Saachi, a London based agency started such merger and at presents it is the 3rd largest agency network in the world. Due to their size and global operations, mega agencies are in a position to serve the clients in a better way.

6. Media Buying Agency:

The function of media buying agency is to purchase large amounts of time and space on media which they get at a huge discount and then the re-sell it to the other clients on good profits. The function also includes scheduling various slots for various companies on different media like TV and radio stations and ensuring that proper telecasting of respective media has taken place at a proper time or not.

7. Specialist Agency:

There are some agencies who undertaking advertising work only for certain type of products/services. In other words, they take up only specialized advertising jobs. Eg. Some agencies specialize producing ad of financial services and some other ad agencies may be specialized in producing social advertising or medicine related advertising and so on. In India, there are agencies specialized in financial ads. DAVP (Directorate of Advertising Visual Publicity) is a specialist agency which gives publicity to Government's policies and programmes.

8. In-House Agencies:

Such agencies are owned and supervised by advertisers. The organizational structure and functioning of in-house agencies are similar to full service agencies in most cases. The advertising director of the company usually heads an in-house agency. In-house agencies are organized according to the needs and requirements of the company and are staffed accordingly. Large advertisers, such as Calvin Klien and Benetton have in-house ad agencies.

2.4 MEASURES FOR GAINING CLIENTS BY AD AGENCY

There is an intense competition in the ad agency business. It is important for an ad agency to gain and maintain the client. The survival and growth of ad agency depends upon the number of clients gained and maintained. **Following are some of measures that can be taken by ad agency to gain the clients.**

1. Referrals:

Referrals helps to gain clients from the existing clients. The agencies can maintain good working relationship and provide better services to their existing clients. Therefore existing clients may refer services of ad agency to others.

2. Presentations:

The agency can take appointment from the target clients. The agency representative can approach target client as per appointment and make presentation in an effective way. This gives an idea to the target client about services provided by ad agency, their previous work and so on. The agency representative can also provide special offers to the target audience. This way ad agency can make the new clients.

3. Publicity:

The ad agency can undertaken publicity by the way of:

- Giving interviews,
- Conducting seminars,

- Offering charitable donations,
- Inaugurating mega events by film actors, cricketers, politicians, or popular personalities,
- Arranging stage show, etc.

That attracts mass media to publish the news about them and the agency can make new clients.

4. Public Relations (PR):

PR is concerned with maintaining rapport with different groups such as employees, customers, suppliers, investors, government and so on. Ad agency can develop rapport, goodwill, understanding and acceptance through a two way communication. This can attract advertisers towards ad agency.

5. Create brand image:

The ad agency can create its brand image by providing excellent services to their existing clients. Brand image creates brand loyalty of existing clients towards ad agency and they recommend services of ad agency to other advertisers.

6. Feedback:

The ad agency can take feedback from their existing clients about their service satisfaction. This helps an ad agency to improve upon their services and result into client satisfaction. Therefore, it enables ad agency to get more work from existing clients as well as existing clients recommend services of ad agency to other advertisers.

7. Rapport with existing clients:

There should be good rapport between the ad agency and the existing clients. The representative of ad agency and clients must gel with each other effectively. The representative may even have informal get-together to develop excellent relationship between the agency and client. The existing client in turn spread positive word-of-mouth about ad agency to other advertisers.

8. Research:

The ad agency can undertake client research to know their requirements. Agency should also undertake market research to know the strategies of competitors and market trends in terms of advertising. All this helps ad agency to remain updated. Further, the research helps in innovation and creativity. Therefore, ad agency can gain more clients.

2.5 REASONS FOR LOOSING CLIENTS BY AD AGENCY

1. Poor Quality of Services:

Every advertiser expects best quality services from their ad agency. If the client becomes dissatisfied with the quality of services provided by the ad agency, then it may leave the existing agency and look for another agency which provides better services.

2. Personnel changes in 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. This is because sometimes advertiser may develop good rapport with particular employee of ad agency. They feel comfortable working with a particular employee of an ad agency with respect to preparing an ad campaign. Even personnel changes in top executives of client may result in shift to other agency.

3. Lack of co-ordination and communication:

Poor co-ordination and communication between the client and the agency staff fails to develop trust and confidence in each other. Also poor co-ordination and communication may affect the quality of ad campaign prepared by an ad agency. This is because to create effective ad campaign continuous co-ordination and communication between ad agency and client is necessary. In absence of such co-ordination and communication, the client may leave the agency.

4. Human Tendency to change:

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

5. Non-availability of required services:

If the present agency cannot render the services required by the client, the client shifts to the agency that provides those services. Eg. An advertiser requires copywriting services from their existing ad agency. But existing ad agency does not provide that service. In that case the client may leave existing ad agency and search other agency that provides copywriting services.

6. Dissatisfaction with the creative staff:

Creativity is the essence of ad. One of the important factors in contracting with a particular ad 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.

7. Conflict on payment:

If the client feels that

- The agency is charging higher fees,
- The agency is charging higher service charges,
- The agency does not passing cash discount received from media,
- The agency recommending media just for the sake of higher commission etc.,

All this may result in client leaving the existing agency.

8. Handling a competitor's account:

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

9. Unsuccessful ad campaigns:

If the ad campaign launched fails to bring in the desired results, the client may contract with another agency for the next ad campaign.

10. Change in location of agency:

Sometimes the agency may shift its location far from the place of business of its client. In that case the client may find it difficult to visit (whenever required) to the ad agency office to discuss about ad campaign. Therefore, the client may leave existing ad agency and search another nearby ad agency.

11. New agency has highly creative personnel:

The client may find that new agency personnel are more creative as compared to the existing ad agency. This is possible when services of new ad agency are recommended by someone to the client.

12. Non-accreditation of agency:

Accreditation gives assurance about the quality of services and professionalism of ad agency. Some clients prefer agencies which are accredited. They may not like to contract with non-accredited ad agency.

2.6 EVALUATION CRITERIA FOR SELECTING AN AD AGENCY

1) Creativity:

Creativity is the essence of ad. Hence one of the most important factors considered while selecting an ad agency is the quality of creative services offered by the agency. Creativity depends on the quality of creative personnel i.e. copywriters, artists, art directors, painters etc.

2) Services Offered:

There are different agencies providing different services. Some agencies provide all the services known as full service ad agency. But there are some agencies which provide selected services known as creative boutique. It depends on the requirements of advertiser whether he needs a full service agency, creative boutique or media buying service agency. As far as a particular agency provides required services to an advertiser, the advertiser would select that particular agency.

3) Specialization:

Some agencies are specialized in producing advertisements of particular line of products. Eg. Some agencies are specialized in financial ad. Advertisers dealing in financial products may prefer such agencies.

4) Remuneration / Cost of service:

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 rates of agency must suit the pocket of client. The advertiser should select agency whose rates are within the ad-budget.

5) Reputation of the Agency:

The past record and reputation of the agency in the field of advertising must be considered. The advertiser should enquire about the image, integrity, ethical standards, relation of agency with its clients, successful campaigns with other clients etc. Advertisers prefer ad agencies that have good past record and reputation.

6) Location:

A major factor to be considered while selecting ad agency is location or office of agency. A considerable amount of communication is required between ad agency representative and client at different level of planning, creation and execution of ad campaign. So a local agency or an agency having a branch office located close to the advertiser's office should be preferred which is easily accessible.

7) Competitor's Agency:

The advertiser must not approach an agency that handles competitor's ad campaigns. This is because such an agency will not prepare ads which will help the advertiser to win over competition. There are also chances of disclosing confidential information of the client to the competitors.

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 benefits of which are

passed on to the advertiser. Eg. Particular agency may have good connection with the all major newspapers. In that case advertiser who wants to advertise in newspaper can get benefit of advertising at desired time and space in the newspaper.

9) Accreditation of the agency:

Some ad agencies are accredited by the INS, Doordarshan and AIR. It gives professional status to the agencies. Such agencies follow the code of ethics laid down by the media owners. This suggests that such agencies must be approached.

10) Size of the Agency:

There exist both large size and small size agencies. Both have their own advantages and disadvantages. A large size agency may provide a wider range of services and facilities as well as they have better media connections. Small size agencies may provide personalized attention to the client

2.7 NEW MEDIA OPTIONS

The term 'media' means channels of communication. Advertising media refers to the various media channels through which advertising of products and services is done to reach customers. Traditional media has been used in the advertising world for years. These include newspaper, magazines, radio, television, outdoor, cinema advertising, direct mail and so on. Traditional media are most common form utilized by advertisers since decades. Over the course of last few years, more businesses are making use of new age media to reach target audience. The different new media options are as follows:

1) Digital media:

Digital media delivers promotional content through various online and digital channels. It includes mediums such as social media, email, search engines, mobile apps, affiliate programs and websites to show advertisements and messages to audiences.

2) Social media:

Social media focuses on creating, sharing and exchanging information, idea and content in online network and communities. It is highly interactive and very powerful media to reach target audience. The prominently used social media for advertising includes Whatsapp, Instagram, Facebook, Pinterest, Youtube, Twitter etc.



3) Aerial media:

It is a form of advertising in which some form of aircraft is enlisted to create or display advertising message. It uses **blimps** (airship that maintain its form by pressure from contained gas) and inflatable low flying airship to advertise logo over a large crowd of people. It also uses banners in which long strip of cloth bearing a logo or slogan is attached to an aircraft. Another form of aerial advertising is skywriting in which an aircraft uses smoke trails to write a message in the sky. This form of aerial advertising can be subject to weather conditions and is most effective on cool, humid, windless, clear days.



4) Vlogs:

Vlog is a personal website or social media account where a person regularly posts short videos. Vlog is a recent development in the field of advertising. It includes the promotional videos that play before, during, and after streaming content. Eg. Many YouTube vloggers who have millions of subscribers undertake promotion of different types of products / services through their videos



5) Digital signage:

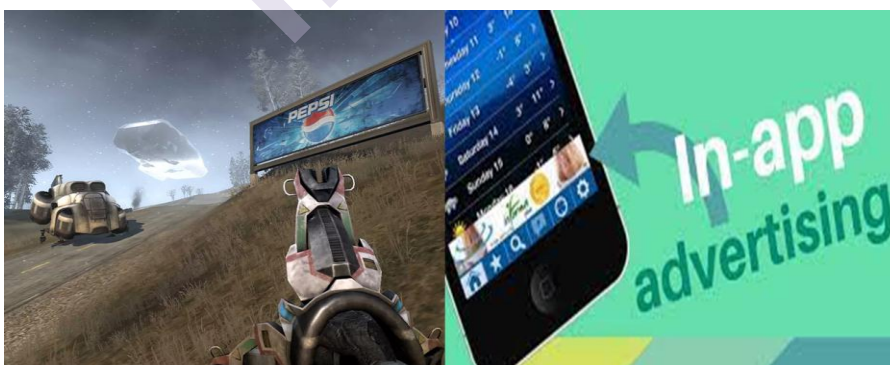
Digital signage is an advertising format that is based on the delivery of digital content through devices such as screens, projectors, touch panels etc. Generally, these devices are located at the point of sale or in public places. It allows a company to create, manage, distribute, and publish its own content, combining the advantages of digital advertising and more conventional external advertising.



6) In-game and In-app advertising:

With millions of users playing video games every minute of the day, gaming has undoubtedly become one of the biggest forms of entertainment on the planet. In-game advertising, or IGA, refers to advertising in computer and video games. IGA sees advertisements being integrated within computer games and mobile games. This is generally seen in the form of pop-up messages, cut-scenes, on-screen adverts, billboards, and background displays. Virtual spaces are sold for advertising purposes to advertisers, much in the same way space is sold in the real world.

In the same way we use many applications (apps) in our mobile phones. While operating these apps we come across many advertisements.



7) Other new media options:

It includes advertising in the form of:

- In-flight advertising
- In lift advertising

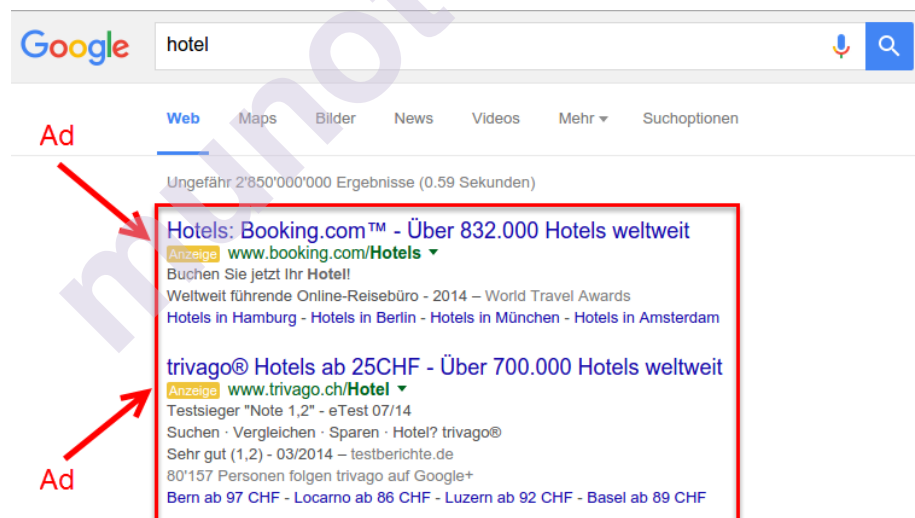
- Keychain, diary, books, utility bills, calendar advertising
- FM radio advertising



2.8 FORMS OF DIGITAL MEDIA

1) Search Engine Advertising:

Search Engine Advertising is a part of search engine marketing and thus an integral part of online marketing. Search engine advertising is a range of paid-for ads that are mostly displayed on the results pages of search engines like Google.



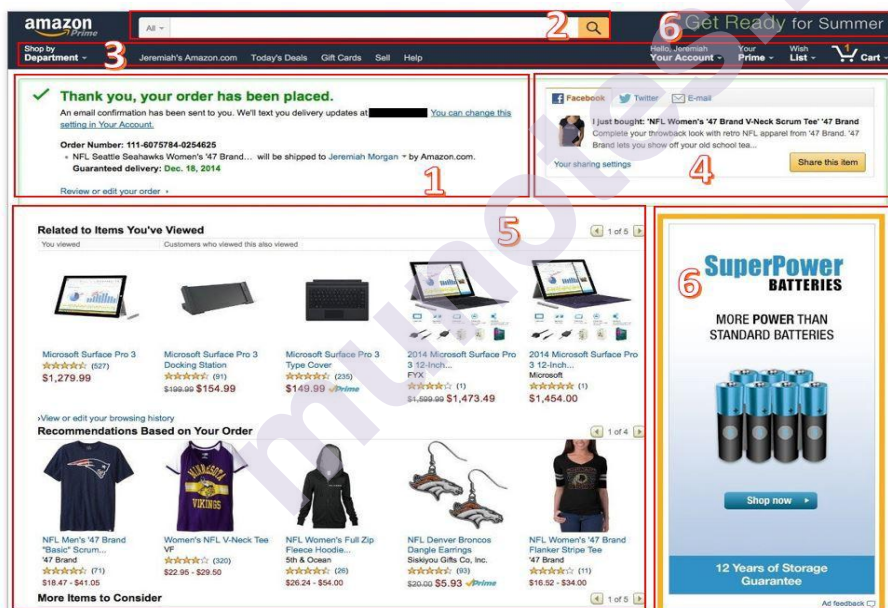
2) Ad banner:

This is the most basic type of internet advertising. A banner contains a short text or graphics to promote a product or service. It appears on third party websites. It provides a hyperlink or the advertiser's website. Banner ad allows the users to open the advertiser's website as and when they click them. It provides information and at the same time persuades the buyer to buy the product.



3) Websites:

A website is a set of interconnected web pages which usually includes a home page. It is prepared and maintained as a collection of information. Through website, the user can find information about the company's products, history of the company, additional services offered etc.



4) Sponsorships:

Here, an advertiser sponsors an entire website or a section of a site. The sponsorship is exclusively for a specific period of time. Normally, the advertiser uses this kind of advertising for branding or for introducing a new product.



5) Interstitial:

Interstitial ads appear between web pages that the user requests. These involve animated advertisement that pops up on the computer screen while downloading a website by the user. Another emerging format is a full-page ad that interrupts content of visitor, forcing exposure to the advertisement before visitors can continue on their content path.



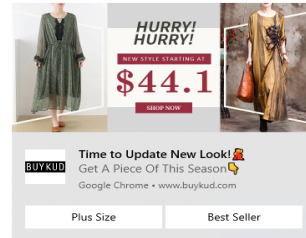
6) Pop-Up windows:

Pop-up windows are new windows that pop up in front of the website content. The user has to click on these ads to make them disappear. While consumers may find them frustrating, they are much more effective at producing brand impressions.



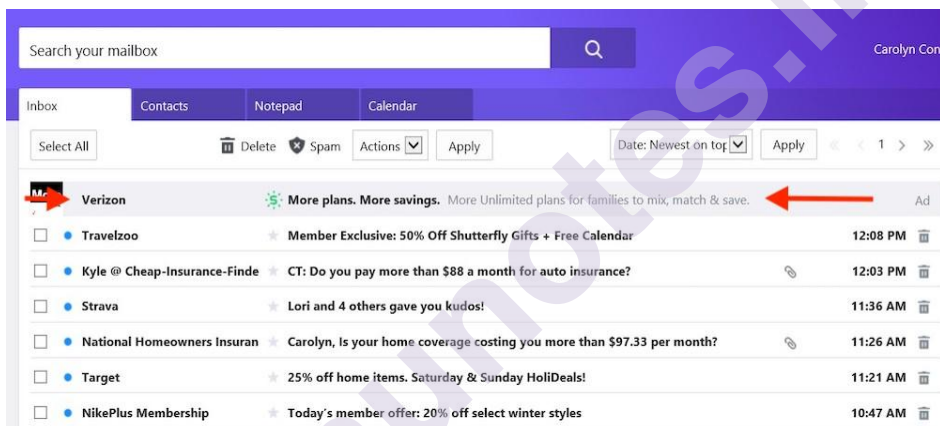
Search Google or type a URL

Halifax Gmail Google S... Yahoo Add shor...



7) Email advertising:

Ads are sent through email are known as email ads. These are similar to direct mail advertising. The advertiser can send them regular updates on specials, discounts, new products etc. Email has the ability to reach global audience at low cost. However, there is too much of spam through email due to which the email may not be read.



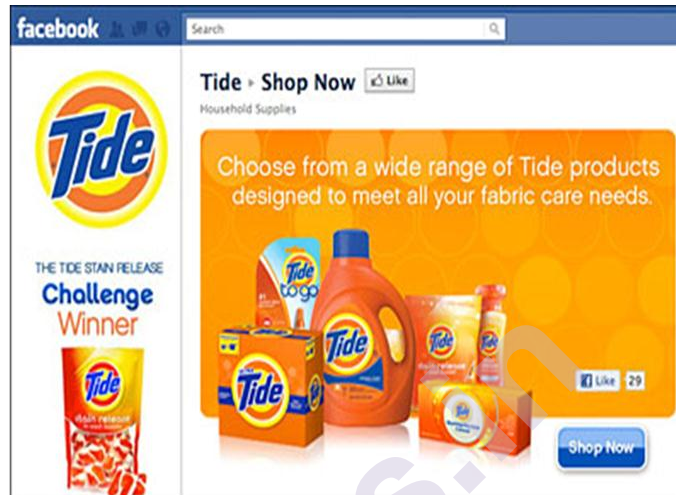
8) Video ads:

Video ads are very popular on the internet. The advertiser can create a video for the product and post it on various internet channels such as YouTube, Facebook, Twitter, YuMe, Vimeo etc.



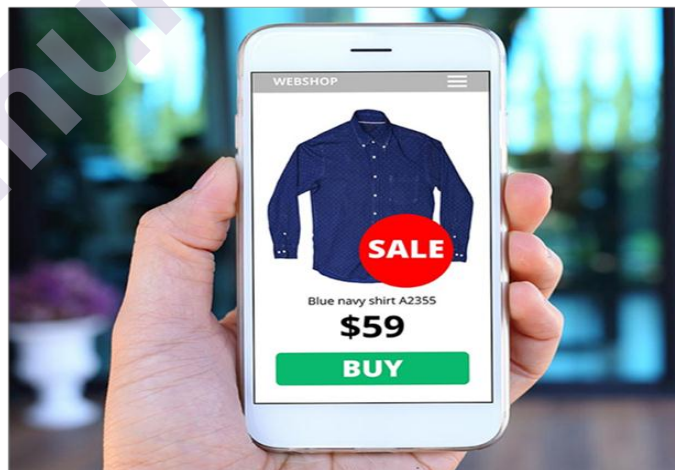
9) Social network ads:

It is one of the fastest growing forms of online advertising. It refers to commercial promotion conducted through social media websites such as LinkedIn, Facebook, Twitter, Instagram, Whatsapp etc. Many companies promote their products by posting frequent updates and providing special offers through their social media profiles. Such ads can be aimed at a very highly targeted audience at low cost.



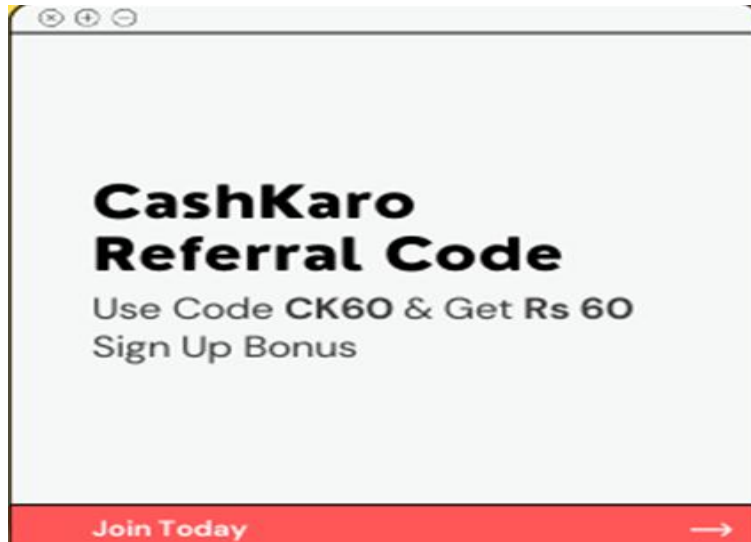
10) Mobile ads:

Mobile ad is a method of advertising via wireless phones or other mobile devices such as tablet computers. Advertising can take the form of display ads, SMS, MMS ads, mobile search ads, ads appear in downloaded apps or in-mobile games.



11) Affiliate marketing:

Affiliate marketing involves referring a product or service by sharing it on a blog, social media platforms, or website. The affiliate earns a commission each time someone makes a purchase through the unique link or code associated with their recommendation.



2.9 MEDIA OBJECTIVES

The media objective is a clear statement of a goal that tells what the media plan should accomplish in a very specific and measurable terms. The media planner has to decide on the media objectives. Media objectives are often stated in terms of reach, frequency, gross rating point and continuity.

1) Reach:

It refers to the *number of persons / households exposed* to a particular media vehicle at least once during specific period of time. This can be explained with the help of an example : A sample group of 10 TV homes that may be watching 'program X' over a period of 4 weeks reveal the following:

Weeks	Homes										Total Exposures
	A	B	C	D	E	F	G	H	I	J	
1	X	X				X		X			4
2		X		X	X					X	4
3	X	X				X				X	4
4		X			X					X	3
Total Exposures	2	4	0	1	2	2	0	1	0	3	15

It can be seen that 7 homes watched program X at least once during the period of 4 weeks. Thus it, can be concluded that that reach of this program was 7 of 10 = 70%.

2) Frequency:

It refers to the **number of times** within a specified period that the target audience is exposed to the message.

The average frequency = Total Exposure / Reach

In the example discussed above, Average Frequency = $15 / 7 = 2.14$

3) Gross Rating Point (GRP):

The concept of 'reach' and 'frequency' are put together so as to describe the total weight of a media effort. In quantitative terms,

Gross Rating Point = Reach X Average Frequency

In our example, GRPs = $70 \times 2.14 = 149.8 = 150$

Advertisers and marketers use GRP to measure the impact of given advertisements. Basically, the more rating points programs earn, the more television viewers have the potential to view the advertisements or promotional spots. This makes securing advertising time on popular network television shows. Television networks recognize the desirability of advertising on these programs and charge advertising rates in accordance with programming popularity.

4) Continuity:

It deals with how the advertising is scheduled over the planning period. In other words, it refers to the pattern of placement of advertisements in the media schedule:

- **Continuous:** Strategy of running ad campaign evenly over a period of time.
- **Flighting:** Strategy of running periodic heavy advertising followed by no advertising and again heavy advertising
- **Pulsing:** Strategy of running periodic heavy advertising followed by limited in advertising and again heavy advertising

2.10 CRITERIA FOR SELECTING SUITABLE MEDIA

1) Nature of Product:

The nature / type of the product affect the choice of media. Eg. Consumer goods require demonstration then TV could be better choice. Industrial products (tools, equipments, machines) can be effectively advertised in business journals.

2) Advertising Budget:

It is one of the most important factors to be taken into account while making the choice of media. In case of limited amount of funds, the

advertiser may use only 1-2 media of advertising. On the other hand when large amount of funds are available, the advertiser not only makes a variety of media but also expensive ones.

3) Competitor's Strategy:

An advertiser's media decisions are influenced by the competitor's strategy. Since the advertiser tries to reach the same audience as his competitors, he may use the same media mix used by his competitors.

4) Target Audience:

The advertiser has to consider the type of consumers to whom the message has to be directed. The media selected must reach desired group of people. Eg. Cosmetics can be effectively advertised through women magazines. In order to target housewives TV is the best suitable media. If the advertiser wants to reach working people then outdoor media such as transit advertising, hoardings, posters, banners etc. will be an appropriate choice.

5) Advertising Objectives:

The advertising objectives affect the choice of the media. Eg. If the objective is to create awareness about the brand at national level, then the advertiser is likely to go for media having national reach such as Times of India newspaper, National TV channels (Zee, Star, Colors etc.). If the objective is to create brand image, then the advertiser may select TV or internet media.

6) Availability of media space and time:

Media space and time have to be booked in advance especially in case of popular media slots. This is due to tremendous increase in the competition and demand. When an advertisement has to be placed immediately then the advertiser has little choice to use the available space and time. Eg. An advertiser wants to publish his/her ad in Times of India newspaper on Wednesday on front page, the time and space has to be booked atleast a month or two in advance.

7) Media restrictions:

At times, certain restrictions are placed either by the Government or by the media itself. Eg. In India the Government does not permit advertisements of cigarettes and alcoholic drinks on Doordarshan. In such a case the advertiser has to select alternative media for advertising his products.

8) Language:

In India, this is an important consideration. Depending upon the particular linguistic group to be reached, a particular language newspaper or television and radio programme must be used. Eg. If the product has to be advertised in Maharashtra, use of Marathi newspapers can be made. However, for a national market, use of Hindi or English language would be suitable.

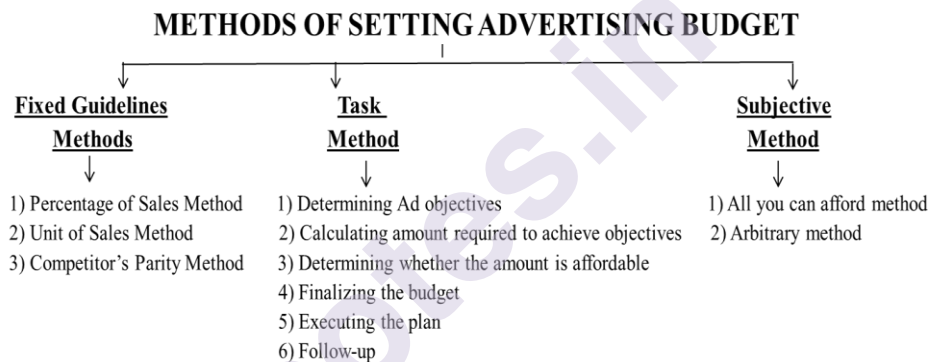
9) Prestige of the media:

Prestige of the advertising medium may be transferred to the advertised product. Eg. When an advertisement appears in The Times of India, the image of the newspaper may be transferred to the advertised product. This enhances the status of the advertiser and adds to his goodwill.

10) Media Flexibility:

Media Flexibility refers to the ability of the media to adapt to changing needs of the advertisers. Newspaper advertising enjoys flexibility as the advertisements can be changed or withdrawn by giving a short notice to the publisher. On the other hand, Doordarshan offers little flexibility as it involves a lengthy procedure of getting the story board for the TV commercial approved.

2.11 METHODS OF SETTING ADVERTISING BUDGET



A. Fixed Guidelines Method:

Here, some arithmetic formula is used to determine the ad budget. The fixed guideline methods are explained as under:

1) Percentage of Sales Method:

This is the simplest and the most widely used method of setting ad budget. Here, the advertiser takes a certain percentage of sales (last year sale or next year projected sale) and allocates the amount for advertising. Eg. Projected sales of a company is Rs.50,00,000/-. The advertiser decides to spend of 10% on advertising. Hence, the amount to be set aside for advertising would be $50,00,000 \times 10/100 = \text{Rs. } 5,00,000/-$

2) Unit of Sales Method:

Here, the advertiser takes the number of units sold as the base for finalizing ad budget. The advertiser decides a specific amount to be allocated for advertising for each unit sold. Eg. If the number of units sold is 1000 units and the advertiser decides to allocate Rs.50 per unit sold, then ad budget would be Rs.50,000/-

3) Competitor's Parity Method:

Here, the advertiser decides to spend the amount on advertising equivalent to the amount spent by the competitors. Eg. If the competitor spends Rs. 10 lakhs, then the advertiser would also spend Rs. 10 lakhs. This is an easy method of preparing ad budget. But this may not be an appropriate method due to:

- Difference in the objectives of competitors
- Different media selected by competitors
- If more than one competitor exists, then whose budget should be taken as the base.
- There is no guarantee that the competitor might have set his budget properly.

4) Market Share:

Here, the advertiser decides his budget on the basis of his share in the market. Eg. If a 'brand A' has 10% market share, its advertiser would spend 10% of the amount spent in that product category. If 'brand B' has 15% share, the advertiser would spend 15% and so on.

B. Task Method:

This method is also known as 'Objective Method' as it provides a more logical basis for deciding ad budget. The steps involved in this method are:

- 1) **Determining the advertising objectives:** The objectives may be to create brand awareness, face competition, create goodwill and so on. Eg. The objective may be to create awareness at national level then the ad budget would be higher as compare to creating awareness at local level.
- 2) **Calculating the amount required to achieve the objectives:** The next step is to draft suitable advertising plan in order to achieve the objective decided. Further, the amount required for the execution of the plan has to be determined.
- 3) **Determining whether the amount is affordable:** The third step is to find out whether the company has the capacity to provide the amount required for the execution of the proposed ad plan. If not, a new ad plan has to be prepared.
- 4) **Finalizing the budget:** The ad budget is then finalized taking into account several factors such as type of the product, target audience, media mix and so on.
- 5) **Executing the plan:** The budget/plan is implemented in order to achieve the pre-determined objectives.

- 6) **Follow-up:** The advertiser must find out whether the objectives are achieved. If not, corrective, actions can be taken.

C. Subjective Method:

Under this method, no arithmetic formula or fixed rule is followed. Such methods include:

1) All you can Afford Method:

Here, the advertiser allocates that much amount which he can afford. In other words, ad budget is decided on the basis of whatever money is left over after all other fixed and variable expenses have been allocated. This method is an illogical method but conservative management use it as it is safe and it ensures that there is no over spending.

2) Arbitrary Method:

This is not rational method of preparing ad budget. This budget is fixed without any specific advertising plan. In other words, the budget decision is arbitrary in nature.

2.12 SUMMARY

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 services.

The term 'media' means channels of communication. Advertising media refers to the various media channels through which advertising of products and services to reach customers is done.

2.13 EXERCISE

Fill in the blanks:

- 1) _____ is a firm that specializes in the creation, design and placement of advertisements, and in the planning and execution of promotional campaigns.

(ad agency, recruitment, retirement)

- 2) _____ is a form of advertising agency which provides only creative services and not full-service.

(Local agency, **Creative Boutique**, Mega Agency)

- 3) _____ is one of the measures for gaining clients by ad agency.

(Poor services, Higher fees, **Referrals**)

- 4) _____ is one of the ad media through which advertising of products and services is done to reach customers.

(**Television**, Reach, Frequency)

- 5) _____ is a set of interconnected web pages which usually includes a home page through which the user can find information about the company's products, history of the company, additional services offered etc.

(Posters, Hoarding, **Website**)

True or false:

- 1) A major function of ad agency is to provide finance to marketers. **FALSE**
- 2) Full service ad agency provides service on piece meal basis. **FALSE**
- 3) Non-availability of required services is one of the reasons for loosing clients by ad agency. **TRUE**
- 4) Digital signage is one of the media of advertising. **TRUE**
- 5) Frequency refers to the **number of times** within a specified period that the target audience is exposed to the ad message. **TRUE**

Match the pairs:

Group - A	Group – B
1) Interstitial	a) Merger of agencies
2) Account service department	b) Media objective
3) Mega Agency	c) Digital media
4) Reach	d) Method of setting ad budget
5) Competitor's Parity Method	e) Agency-Client Relations

(1-c, 2-e, 3-a, 4-b, 5-d)

Answer in brief:

- 1) Write a note on various functional departments of ad agency.
- 2) Explain the different types of ad agencies.
- 3) What are the measures for gaining clients by ad agency?
- 4) Describe the reasons for loosing clients by ad agency.
- 5) Discuss the evaluation criteria for selecting an ad agency.
- 6) Write a note on New media options
- 7) Elucidate the various forms of digital media

- 8) Write a note on Media objectives
- 9) Highlight the criteria for selecting suitable media.
- 10) Explain different methods of setting advertising budget

2.14 REFERENCES

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CREATIVITY

Unit Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Creativity & Research
- 3.3 Society
- 3.4 Summary
- 3.5 Exercise

3.0 OBJECTIVES

After completion of this lesson the student will be able to understand

1. **Creativity & Research:** Developing advertising copy - print, broadcast and digital media, Pre-test and post-test methods.
2. **Society:** Socio-economic contribution and criticisms of advertising, professional courses and careers in the field of advertising

3.1 INTRODUCTION

Advertising creativity is an art form. It deals with people's perceptions, attitudes, values, personalities, and motivations, particularly buying motivations. It also includes approaches for visualisation, as well as different sorts of advertising material and its components, such as the headline and slogan. All of these features must be innovative in order to grab customers' attention. If the proper medium is not used in the right location at the right time to reach the right people, even the most creative and original advertising concepts will be wasted. As a result, choosing the right media is critical to attaining advertising goals. However, before going over the criteria to consider when choosing the correct advertising medium, it's important to understand what advertising media means. A means or vehicle for delivering a specific message is referred to as an advertising media. It is a method of disseminating a marketing message or information to potential buyers, readers, viewers, listeners, or passers-by.

3.2 CREATIVITY & RESEARCH

Media research is gathering information about numerous advertising mediums, polling consumers about their media preferences and habits, and conducting primary and secondary research on the effectiveness of each medium in selling certain items. In India, few advertising firms or departments have "media research departments," and if they do, it is the role of the department to develop media plans and strategies. Most advertising companies, on the other hand, have a media department or

division that handles media planning. The majority of agencies rely on third-party marketing firms to perform readership or audience surveys on their behalf. Media research examines the reach, frequency, and effectiveness of various media and media combinations (media mix) in reaching a specific audience. The goal of media research is to identify the best appropriate medium or media mix for the advertiser's demands.

The role of media research can be stated as follows:

1. Reader Profile:

Media study aids in the understanding of the reader, listener, and viewer profiles. The data on the reader's age, income, occupation, purchasing habits, and other demographic and socioeconomic factors make up the reader's profile. Such a profile aids in the creation of effective ad messages for the intended audience.

2. Media Selection:

Proper media research aids in the selection of the most appropriate media mix for the advertiser based on the type of product, prospects, ad budget, and other factors. The advertiser will choose the media with the greatest number of readers, viewers, or listeners among the target population.

3. Booking of Time and Space:

Depending on the programmes viewed or articles read by the target audience, the media planning department or the media operations department can book time and space in the media.

4. Value to Media Owners:

Media research aids media owners in improving their programmes or editorial content in order to boost listenership, viewership, and readership. It also aids media owners in determining how much their time and space are worth to advertisers. For example, if data shows that the programme has boosted viewing by 50%, advertisers will need to raise the frequency of their advertisements.

5. Program Sponsorship:

It assists the advertiser in selecting a specific programme for sponsorship. The advertiser might choose to sponsor the programme that the target audience watches or listens to the most.

6. Audience Benefit:

As media proprietors strive to improve their content, audiences benefit from better editorials and programmes. Owners of media companies strive to improve their programmes or editorials in order to attract a big number of readers, listeners, or viewers. This would result in increased advertising revenue for them.

7. Benefit to Media Planners:

Television Rating Points (TRP) reports assist media planners in understanding the ratings of various programmes on TV channels and radio stations. Again, the Audit Bureau of Circulation Reports assist them in understanding the circulation trends of newspapers and magazines.

8. Benefit to Research Organizations:

Media research allows organisations like the Indian Marketing Research Bureau (IMRB), the Operations Research Group (ORG), and others to keep their initiatives on track.

3.2.1 Developing Advertising Copy:

A "Copy" is any written material that appears in advertising. It could be a single word or a long list of words. Headlines, subheads, captions, and other elements make up a copy. The content complements the illustration and includes a description of the product's benefits, drawbacks, uses, and services, among other things. The heart of any advertisement is the copy. It is in charge of persuading the buyers.

A) Characteristics of Copy:

1. Brief:

Because readers are pressed for time, copy should be succinct. They must be able to read the large text in a reasonable amount of time. As a result, a text should be written in basic language with tiny, easy words. The message should be brief and to the point.

2. Precision:

The content of a copy should be self-explanatory. The message that has to be given must be clear from the start.

3. Appropriateness:

The message should be directed at potential customers. It must be delivered in a respectful tone. The viewers' attention should be drawn to the product, and the message should be delivered in such a way that it elicits the readers' interest in reading it.

4. Attention-grabbing:

A copy should be intriguing and thought-provoking. It must stir the readers' interest in reading the message. The reader must determine whether or not to read the message in its entirety.

5. Genuineness:

Using acts and quoting figures might help to seem sincere. Vague generalisations and divergent viewpoints must be avoided. Sincerity can

be achieved by including one or two illustrations in the copy so that the message has an immediate appeal.

B) Types of Copy:

1. Scientific Copy:

A scientific copy is a document that describes the features, benefits, uses, contents, and other technical information of a technical product. It's all set up for machines. Computers, for example. The scientific copy is aimed at well-informed people. Customers who are aware of the product. Take, for example, a pharmaceutical may be marketed in order to attract doctors. As a result, it clarifies the situation ordinary people, in general, and professional men, in particular, are concerned about the product's technical specifications



2. Descriptive copy:

It is non-technical copy that is provided in a way that any layperson can understand. The copy does not require the assistance of a skilled specialist. It's merely a regular announcement of new products.



3. Narrative Copy:

It is written in the form of a fictional story that describes the product's applications, benefits, and after effects, among other things. The story is told in a humorous manner to keep it engaging.

4. Topical Copy:

This copy establishes a link between the product and a specific event, such as a watch firm advertising that individuals who were successful in climbing Mount Everest had the brand's timepieces with them, demonstrating their superior quality.



5. Personality Copy:

This copy capitalises on the insight of a well-known figure. Leading figures such as athletes, performers in films, politicians, and others have made statements. Their remarks serve as credentials of outstanding quality, which helps to boost sales.

6. Colloquial Copy:

Informal language may be utilised to express the message in colloquial copy. The copy includes phrases that are commonly used in everyday conversation.

7. Reasoning Copy:

This is copy that explains why a buyer should buy a product. This content describes in depth to the customer why a specific product must be purchased.

8. Questioning Copy:

In this form of copy, the text poses one or more questions to readers without expecting them to respond. Do you desire a quiet vacation in the summer, for example? (After that, stay at Hotel ABC in XYZ hill station.)

9. Prestige Copy:

The customer's position and prestige are highlighted in this type of copy. It creates a favourable environment for product sales by shifting the customer's position. Normally, such reproductions are used to promote high-end commodities.

C) Elements of Copy:

A copy normally includes the following elements or parts :

1. Main Headline:

A headline is the first or top line of an advertising, which is usually bold and in a bigger font size. The headline's primary goal is to grab the reader's attention right away.

2. Sub-Headlines:

Some advertisements have many headlines. The primary title is usually the first, followed by sub-headlines. There may be overlines - which appear before the main headline - and underlines - which appear after the main headline. Subheadlines are used to supplement or complement the main headline's meaning.

3. Body Copy:

This is the content that appears in the advertising message. The copy material contains favourable information about the product and its advantages. The audience can be converted into prospects and prospects into customers through great copywriting.

4. Captions:

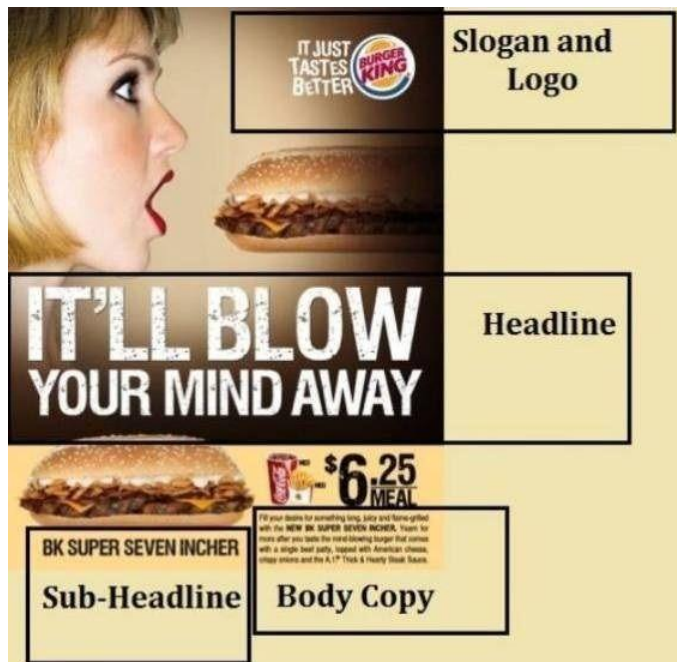
Captions are included in the copy text. Captions are short sentences that appear to emanate from the mouths of the persons in the advertisements. Captions are used in comic strip-style copy. For example, you've probably seen captions like these in Tortoise Mosquito Coil's print ads.

5. Slogans:

Slogans are used in almost all advertisements. It's a short, memorable phrase that summarises the advertising message. The motto should ideally be short, between 3 and 6 words. Many times, the slogan is all that is needed. "The best tobacco money can buy," for example. Rothmans.

6. Logo:

A logo, often known as a signature cut, is a unique design created by an advertiser or its products to aid in identification. There is no set rule for where a logo should go. The logo, on the other hand, is usually positioned in the bottom right corner.



3.2.2 Introduction of Advertising Media:

If the proper medium is not used in the right location at the right time to reach the right people, even the most creative and original advertising concepts will be wasted. As a result, choosing the right media is critical to attaining advertising goals. However, before going over the criteria to consider when choosing the correct advertising medium, it's important to understand what advertising media means. A means or vehicle for delivering a specific message is referred to as an advertising media. It is a method of disseminating a marketing message or information to potential buyers, readers, viewers, listeners, or passers-by. For example, a producer might use advertising media to stay in touch with past customers.

A) Print Copy:

Today's most popular and effective form of publicity is press advertising. It has now become a part of people's culture and political lives. The press, commonly known as print, is an advertising medium that includes any vehicles owned by others that can carry an advertising message in print for target customers to read. Companies in India use this media extensively, accounting for roughly 70% of their overall advertising expenditure.

Types or Forms:

The following are the two main types of press advertising:

1. Newspapers:

Newspapers are primarily purchased for their news content. Newspapers are published on a daily or weekly basis and can be national or local. These are an effective means of disseminating information about new products, present products, and special offers. They can be used to reach out to local, national, and regional markets. There are numerous

newspapers published in India, both in English and in regional languages. Many English and Hindi newspapers have national circulation. As a result, a message published in the newspaper may leave a stronger effect on the public's minds, and it may be more explicit, clear, sophisticated, and lengthy. In India, there are currently 1173 daily newspapers and 5280 weekly newspapers published, with Hindi language newspapers accounting for the most, followed by Urdu, Marathi, and Gujarati. When it comes to circulation Uttar Pradesh has the most newspapers published among the states, followed by Maharashtra and Karnataka. The Times of India, Hindustan, Indian Express, Statesman, and Economic Times are among the important national English language newspapers, while Hindustan Times, Navbharat Times, National Dunia, and Rajasthan Patrika are among the national Hindi language daily. However, among the many language groups, corporations in India, both public and private, rely heavily on English dailies for advertising. Small businesses choose to advertise in their local newspapers. Advertisers are charged based on column centimetre space used by the newspaper. They also charge a premium for exceptional positions and offer discounts for contract space bookings.

Newspaper Advertising Media's Benefits or Merits:

The benefits or merits of newspaper advertising media can be summarised as follows:

1. They have a wide range of coverage since they reach every nook and cranny in a short amount of time.
2. They provide a great deal of flexibility. The design, size, and appeal of the advertisement may be regularly adjusted to fit the advertiser's needs, depending on the advertiser's convenience and necessity.
3. A high frequency allows for quick advertisement preparation and publication.
4. It is the most cost-effective advertising medium in terms of cost per reader.
5. The daily newspaper has significant repetition value since it allows advertisers to repeat their message in a short period of time (one day).
6. Newspaper advertisements elicit a rapid response from the general public.
7. The impact of advertising copy could be easily tested by putting local adverts (in local newspapers).
8. Their visual charms can be simply established by placing regular adverts in newspapers.
9. Advertisers and their products have access to the reputation of the publications. Only reputable and trustworthy businesses are given space in leading newspapers.
10. Geographic selectivity is provided via newspaper advertising.

Newspaper Advertising Media's Drawbacks, Merits, and Limitations:

Creativity

The following are some of the drawbacks, flaws, or limitations of "Nothing is as alive as today's newspaper" and "Nothing is as dead as yesterday's newspaper," in newspaper advertising:

1. A newspaper's existence is incredibly brief, lasting only one day. " is stated.
2. There is circulation waste. The advertisement is distributed even in areas where there is no market or where a new market is unlikely to emerge in the near future.
3. If the quantity of clients is minimal, newspaper advertising may be useless and pricey.
4. Because newspapers are typically printed on low-cost newsprint, visual effects may not be possible in practice.
5. There is a lack of consistency in the requirements for advertising. Lack of consistency in publisher requirements in terms of pricing, size, and type of copy, among other things.
6. Newspaper advertising is less popular in developing countries, where the majority of the population is illiterate, uneducated, and destitute.

2. Magazines and Journals:

Magazines and journals are another type of press advertising media. They provide selective circulation across the country at a cost that is within tolerable budgetary constraints. These are released on a regular basis, such as weekly, fortnightly, monthly, quarterly, or annually. When the reader is mentally prepared to absorb advertisements, magazines and journals are read at leisure and with attention. It has an extended period of effectiveness. Magazines can be divided into five categories from the advertiser's perspective: (i) Special Interest Magazines; (ii) Trade Magazines; (iii) Technical Magazines; (iv) Professional Magazines; and (v) Regional Magazines.

Benefits or merits of magazines and journals include:

The following are some of the benefits of using magazines and journals as a form of advertising:

1. The life of a magazine is far longer than the life of a newspaper. These are maintained on hand for weeks or months at a time.
2. Advertisements are reproduced better than in newspapers.
3. Magazines are highly selective in nature, therefore there is no waste of circulation.

4. Magazine advertisements establish prestige, credibility, and a high-quality image.
5. In the case of magazine advertising, the number of readers per copy is relatively high. There are many different types of readers.
6. Magazines are excellent vehicles for introducing new concepts.
7. Magazine readers are often leisurely home readers who read for pleasure and relaxation, and who read "with their guards down."
8. Magazine advertising is more appealing than newspaper advertising in terms of printing, paper, and colour combination.
9. Magazines are a convenient and effective way to contact specialised groups.
10. The expense of advertising in publications is quite modest.

Magazine and Journal Advertising's Disadvantages, Demerits, and Limitations:

When compared to newspaper advertising, magazine and journal advertising has the following disadvantages, demerits, and limitations:

1. One of the most significant disadvantages of magazine advertising is its lack of flexibility.
2. Magazine copy preparation fees are typically substantial, and in some cases exceed the cost of space in trade magazines.
3. In comparison to newspaper advertising, the circulation is limited.
4. It takes longer to print and distribute than newspaper advertisements.
5. Because the size of publications varies greatly, the advertiser must tailor the advertisement language to the size of the magazine or journal.
6. A change in appeal cannot be effective in a short period of time.



3.2.3 Broadcast Copy:

There are 2 types of Broadcast Copy – Radio and Television

Radio is become one of our most important advertising mediums. It reaches a significant number of people in both urban and rural locations. In our country, practically every family now owns a radio. In India, radio advertising began in 1967 with the launch of a commercial service on "Vividh Bharati." All-India Radio stations in Delhi, Bombay, Madras, Calcutta, Poona, Nagpur, and Bangalore, among others, now transmit commercially. Ceylon Radio Commercial Broadcasting has a large following across the country. Commercial broadcasting is a significant source of revenue for the company. As the demand for radio advertising exceeds the time available, it has become immensely popular among both trade and industry. Radio advertising can be described as "large-scale word-of-mouth advertising."

A. Radio Advertising's Benefits or Merits:

In India, radio advertising is quite popular because of the following benefits:

1. It has a large area of coverage. This media reaches out to even illiterate individuals. It has the ability to send messages to even the most remote locations.
2. It's adaptable, as it can be used on a national or local level depending on the situation.
3. It delivers the advertiser's message to prospects when they are in the right frame of mind.
4. It attracts people's attention quickly.
5. Radio advertising is now a significant source of revenue.
6. It touts the benefit of remembering value. In this regard, psychologists claim that everything learned through the ears is difficult to forget.
7. Radio advertising provides a variety of programmes, including entertainment, which helps to build goodwill. People purchase the radio-advertised product because they love the free broadcast.
8. Radio advertising has a human touch that no other medium can match.

B. Radio Advertising's Drawbacks, Merits, and Limitations:

The following are some of the drawbacks, flaws, or limitations of radio advertising:

1. The message conveyed by radio commercials is transient.
2. It is expensive and out of reach for small and medium-sized businesses.

3. It only appeals to the sense of hearing and hence does not depict a visual representation of the product's container.
4. It is incompatible with a wide range of products, including industrial equipment that aren't required by the usual radio listener. It's just good for typical household items.
5. Because radio commercials are so brief, information cannot be elaborated.
6. Because there are so many advertising in such a short period of time, the listener is likely to forget the product's name.
7. In the case of radio advertising, no demonstration is possible.
8. It is a targeted advertising medium.

C. Television Advertising:

Television Commercials: It is considered that today's television commercials are the most effective selling medium ever devised. It has a potential advertising impact that no other medium can match. It is a method of delivering genuine demonstrations into the homes of prospects, making it a more effective medium than radio. As a result, television advertising is gradually taking the place of radio advertising. On January 1, 1976, commercial television advertising was launched in India, following the model of All India Radio. As a result, television is a relatively new advertising medium in India. In India, it is also referred as as "Doordarshan." Television makes extensive use of sight, sound, and motion to maximise audience effect. Color can now be used to enhance the effect on colour televisions. In India, television coverage is expanding at a rapid rate. This medium is especially beneficial for advertisers who need to demonstrate their items. In India, sponsored programmes have also begun to air on television.

D. Television Advertising's Benefits or Merits:

The following are some of the benefits of television advertising:

1. Television advertising has the advantage of combining the benefits of both radio and cinema. As a result, it is a very strong audio-visual medium.
2. It enhances the message's appeal and impact.
3. It is especially beneficial to advertisements whose products or services necessitate demonstration.
4. It is a significant source of revenue for Doordarshan.
5. It is selective in terms of geography. Advertisements can be placed on a limited number of stations based on the advertiser's needs.

6. It has a large area of coverage. Currently, more than 80% of India's population has access to television services.

E. Television Advertising's Drawbacks, Merits, and Limitations:

The following drawbacks or restrictions apply to television advertising:

1. It is an extremely expensive advertising medium that would almost probably exclude small businesses.
2. Television messages are transient.
3. The reach of the telecasting to the public is extremely limited.
4. In India, the average Indian cannot afford television since it is so expensive.
5. Because of the high cost of advertising on television, television commercials are generally brief.
6. Television advertising is a purposeful medium that necessitates long-term preparation, authority permission, and a lack of flexibility.



3.2.4 Digital Media Copy:

The Internet has been around for more than 30 years. It all started in the early 1960s in the United States, when the US Department of Defense saw it as a way to connect researchers and military bases around the country with supercomputers. Until the 1990s, the Internet was a relatively unknown network of linked computers used mostly by academics, military researchers, and scientists around the world to send and receive electronic mail, move files, and find or retrieve information from databases. The Internet, which is currently the fastest expanding medium in history, provides amazing potential for a wide spectrum of people in business and advertising. There is a whole new world of prospective customers for advertisers.

A. Types of Internet Advertising:

There are many different types of ads that can be found on the internet. Websites, banners, buttons, sponsorships, interstitials, Meta advertisements, classified ads, and email ads are the most common types of online advertising.

1. Websites:

Some businesses consider their entire website to be an advertisement. A website, on the other hand, is more than just an advertisement; it's a place where customers, prospects, shareholders, investors, and others can learn more about the firm, its goods, and services. Some businesses utilise their websites to sell their products and services in the same way that they would an extended brochure. Others use their website as an online catalogue store, completing transactions directly over the Internet. Other websites act as sources of information and pleasure.

2. Ad banners:

The most basic kind of web advertising is the ad banner. A banner is a small advertisement that spans the top or bottom of a Web page. Currently, larger banner ads that can dominate the screen or even give television commercials are available. Users are directed to the advertiser's site or a buffer page when they click their mouse pointer on the banner.

3. Buttons:

Buttons are similar to banners in appearance. They are a smaller form of the banner that resembles an icon and normally link to an advertiser's home page. They are less expensive than banners because they take up less space.

4. Sponsorships:

Web page sponsorships are becoming increasingly popular as a kind of Internet advertising. For a limited period of time, usually measured in months, corporations sponsor entire portions of a publisher's Web page or single events. Companies receive substantial prominence on the site in exchange for their sponsorship support. Integrating the sponsor's brand with the publisher's content might sometimes result in an added-value bundle. A corporate firm, for example, could sponsor a Web page on the Olympics or other events.

5. Interstitials:

Interstitials are a type of dynamic Internet advertising. It's a catch-all phrase for a variety of animated advertisements that appear on the screen as the computer downloads a webpage that the user has requested. Pop-up windows, splash screens, superstitials, and other sorts of interstitials are now available.

6. Meta Ads:

A meta ad is an advertisement displayed on the results page of a search, specific to the searched item, and is used in search engines (such as Yahoo, Google, and others). Keyword advertising is another name for meta adverts. An advertiser can use this strategy to target a specific audience. Advertisers can pay search engines to show their advertising only when users search for relevant terms. For example, if a user searches for "handicrafts and handlooms," the Meta advertisements that appear may be for things related to handicrafts and handlooms.

7. Classified Ads:

Classified ad websites are another expanding market for Internet advertising. Because they are supported by ad banners from other advertisers, some of these websites provide free classified advertising options. They're similar to classified advertising in newspapers. You can look for houses, vehicles, jobs, toys, and shoes, among other things.

8. E- Mail advertising:

Advertisers can send e-mail advertising to customers who have specifically requested it. It is the most effective method of online advertising because it is identical to direct mail advertising. However, there is an excessive amount of space in the e-mail. Unsolicited bulk e-mail advertising for a product or service sent to e-mail addresses by an unknown party is referred to as Spam.

B. Internet Advertising's Benefits:

1. Interactive Medium:

This type of medium allows customers to interact directly with advertisers, developing long-term partnerships.

2. Massive Audience:

With a global audience of roughly 500 million people (some estimates put it at 1 billion), the internet is the only truly global medium, giving information and commercial opportunities that are instantly accessible throughout the world.

3. Immediate Response:

Products and information are available on demand by the consumer, providing the advertiser with immediate feedback.

4. Selective Targeting:

Advertisers, particularly through Meta advertisements, can reach the proper target demographic.

5. Proximity to Purchase:

This may be the most important benefit of Internet marketing. Purchasers can be targeted wherever they are, at the exact moment they are contemplating making a purchase.

6. Affluent Market:

The majority of Internet users are from the middle-upper-upper-middle-upper-middle-upper-middle-upper-middle-upper-m As a result, the Internet medium allows for access to the society's affluent market.

7. Offers Detailed Information:

The Internet offers detailed information about a firm and/or its products. Commercial websites provide Internet users seeking information with specific information about items or services.

8. Reaching Business-to-Business Users:

The Internet media may reach B2B users while they are still at work, providing them with not just business-related information, but also consumer product promotion.

C. Internet Advertising's Drawbacks:

1. Ineffectiveness of mainstream media:

Unlike radio and television, the internet is not a mass medium. As a result, it may never be able to provide mass media efficiency. Most marketers in poor nations, such as India, may find it too complicated, cluttered, or time-consuming.

2. Slow Downloads:

In many regions of the world, including India, website downloads are extremely slow. The advertisements that appear in between upset Internet users.

3. Spam problem:

There is an excessive amount of spam sent via e-mail. As a result, even the responsible advertisements are ignored by e-mail users.

4. The Problem with Online Purchases:

In India, most buyers prefer to inspect things in person before making a purchase. As a result, they are unable to place orders online. Again, most people do not trust the internet as a safe place to conduct business.

5. Unproven Medium:

There hasn't been much research done to see how effective Internet advertising is. As a result, a large number of Indian marketplaces do not place a high value on Internet advertising.



D. Advertising Though Cell Phone:

The promotion of ring tones, games, and other mobile phone services is known as mobile phone advertising. Subscription-based services that employ the Short Message Service (SMS) technology are common. Idle-screen is another means of broadcasting messages to mobile phones, allowing mobile operators or advertisers to reach millions of people in real time. In recent years, the promotion and sale of ring tones has exploded, with some commercial breaks, notably on music television channels and in motor racing, being dominated by such advertisements.

While mobile phone advertising is still relatively new, innovators have devised ways to use a phone to offer advertising to others standing near a mobile phone user while the user is speaking in a non-hands free mode.

The usage of viral marketing is a novel way to mobile content advertising. Users can send recommendations for mobile material they like to their contact lists using specifically created programmes.

Mobile phone content advertising is a widespread occurrence, and almost all mobile phone users are well aware of it.

This function is used to market a variety of products, ring tones, games, quizzes, mobile accessories, and a variety of other items that are either directly or indirectly related to mobile phone features. These methods of advertising are, in general, totally reliant on user subscription. This is mostly accomplished through SMS texting, although it can also be accomplished by broadcasting messages on the phone's idle screen.

Displaying the mobile network operator's logo is the most popular and simplest adjustable form of content advertising. This is available as a text message or a small monochrome graphic that can be simply updated with the customer's own personalised message.

Handset producers, on the other hand, pioneered a more effective way of product promotion by creating customised ring tones that distinguish one brand from another. They also began advertising on their websites by providing free downloading ring tones of famous tunes or melodies. They did it for either a very modest service charge or for no charge at all. As a result, their popularity and ranking among the general public rises. In terms of content advertising, the mass media campaign also played a significant role. This type of advertising caught the attention of the masses for a short period of time.

AIS, in cooperation with Honda, was the first international advertiser to use the mobile's idle screen to display advertising.

The current trend in the phone service model involves ad-supported content advertising. Almost all well-known network service providers offer their customers discounted service in exchange for viewing a certain number of advertising on their phones.

The content advertising method is always evolving, and it contains many aspects such as 'one person per presentation' or 'people standing nearby.' The goal in both scenarios is to offer the advertiser with many views per presentation within a defined demographic area, but the techniques differ slightly.



3.2.5 Pre – Test Methods:

An advertisement can be tested at two stages: (a) prior to the start of the advertising campaign, and (b) after the start of the advertising campaign. The first stage is referred to as "pre-testing," while the second is referred to as "post-testing."

The procedures for pre-testing are as follows:

1. Proposition Tests:

Proposition tests are tests of inventive strategies. The term "strategic" refers to a different path of action that might be taken to determine the best course of action. For example, a watch manufacturing company's advertising campaign might use the following strategies:

- (i) It's a fashionable watch for the fashion-conscious man.
- (ii) It is a reliable timepiece.
- (iii) It's a low-cost watch that appears like one that costs twice as much.

Each concept illustrates a distinct watch advertising strategy. Fashionable, costly, and dependable appearance. To determine which is the most representative sample of potential watch buyers, all three would be displayed on separate cards as if they were different timepieces. Following that, the sample respondents would be asked to choose between the timepieces and provide their responses. As an advertising approach, the most broadly acceptable concept would be established.

2. Concept Testing:

This procedure is similar to Proposition Testing, except that instead of placing alternative tactics on the cards, preliminary drawings of advertisement concepts are employed. Because the general public is not used to seeing rough advertisement concepts, respondents must be informed ahead of time that what they are about to see is an artist's rough layout. Headlines should be displayed clearly, and irrelevant features such as cufflinks on a shirt should be avoided because they may cause responders to be concerned about why they are there, whether they are fashionable, and so on. Concept tests are used to assess the interest and credibility of various marketing strategies.

3. Sales Area Testing:

The most accurate way to determine whether or not an advertisement is effective is to test it in one or two specific locations first. Because effectiveness is first tested in a limited area, this testing is used to make it easier to start large-scale advertising campaigns.

Folio testing are used for finished or nearly finished press advertising. A folder contains a test advertising as well as a few other advertisements. The resulting "Folio" is then presented to a limited group of consumers who will be asked to respond. Later in the interview, the consumer is asked to talk about the rest of the advertisement's appeal and motivating power in generating curiosity and stimulating desire. Later in the interview, the customer is asked to discuss the rest of the advertisement's appeal and motivating power in generating curiosity, stimulating desire, and attracting attention. This pre-testing strategy identifies the most response advertisement.

5. Projections:

Consumers' homes are occasionally used to test television advertising using portable movie projectors. Frequently, the commercial is incorporated into a short scene from a film of amusement. After displaying the clip to the audience, the interviewer inquires about their thoughts on the commercial.

6. Trailer Tests:

In trailer testing, a trailer or van is parked in a shopping center's parking lot and visitors are brought in for interviews. On a rear screen projector, everyone who enters the trailer is shown a television commercial and questioned about it. This strategy is incredibly cost effective because it is less expensive to bring individuals into the trailer for an interview.

7. Consumer Jury Tests:

Consumer jury tests are based on a typical group of consumers' ratings of advertisements. The term "rating" refers to a comparison of one advertisement to several others. A consumer jury test can be conducted in a number of ways. The standard technique is to ask a small group of consumers who represent potential product buyers to rate various pieces of text. A consumer jury test can be implemented using a variety of data collection approaches. Personal interviews, for example, may be employed, or a group could be formed and members asked to score the alternative copy.

8. Rating Scales:

This form of copy testing necessitates the creation of effective copy standards as well as numerical weights for each standard. The weights or values represent a standard's relative importance in the overall success of copy. Advertisements are then assessed on a scale of one to ten, and a numerical score is calculated.

9. Portfolio Tests:

These tests are named by the packaging of the advertising being assessed. A portfolio is a collection of ads, usually a variety of commercials to be evaluated. Advertisements are sometimes printed in fake editions of newspapers and magazines. Respondents are handed the folio and told to read whatever piques their attention and take as much time as they desire. After completing this activity, the participants are asked to recall what they can about the advertising.

10. Simulated Testing:

Simulated tests are direct mail point-of-purchase displays in which consumers are exposed to alternate pieces of mail. These tests are easier to set up and less expensive than true sales tests. They are, nevertheless, man-made.

Pre-testing has a number of advantages:

- i) To ensure that there are no clerical, grammatical, printing, or technical problems.
- (ii) To improve the effectiveness of communication from the perspective of readers.
- (iii) Reduce advertising waste.
- (iv) To make it more effective and meaningful.
- (v) It is straightforward, time-consuming, and cost-effective.

3.2.6 Post – test Methods:

Post-tests are tests that are conducted after the start of an advertising campaign. Post-testing allows researchers to examine the effects of advertising on successful sales promotion. The procedures for post-testing are as follows:

1. Recognition Tests:

In this procedure, respondents are asked to identify the contents of advertising they may have seen. The goal of this experiment is to determine the extent to which advertisements have an effective impact.

2. Recall Tests:

Unlike recognition testing, recall tests analyse the full advertising campaign. Only specific adverts are taken into account. After an advertising has been launched, recall tests are used to assess its attention, intrigue, and memory value.

3. Inquiry and Coupon Response:

During inquiry testing, the advertiser provides the reader with a free sample upon request. To take advantage of the deal, the reader must mail the voucher. It's very conceivable that such adverts will appear in different editions of the newspaper or magazine at the same time. The advertising are coded in order to determine which of the many advertisements elicited the most responses. It is thought that the ad that generates the most enquiries is preferable to the others.

4. Split-Run Test:

This is an inquiry test that has been modified. An advertiser buys two ads in a magazine that offers split-run options. The two adverts differ in only one way, for example, one advertises a cold drink in a transparent bottle while the other advertises a cold drink in a nontransparent bottle. It's a keyed advertisement. Now, in two separate marketplaces, one for cold drinks promoted in transparent bottles and the other for hot drinks, it is assumed that the first campaign has been more effective than the second one.

5. Psychological Tests:

A range of psychological tests, such as story telling, word association, sentence completion, depth interviewing, and so on, are used. This test aims to discover what the responder has seen in various advertising and what those advertisements represent to him. Only trained interviewers are permitted to conduct these examinations.

6. Focus Interviews:

In this strategy, a group of consumers is contacted and requested to have a thoughtful discussion about the advertising that have been provided to them. The members of the panel are focusing on a specific part of the advertising. The participants' opinions serve as the foundation for research into the effectiveness of advertising.

7. Readership Test:

This method aims to investigate the role of advertising in raising consumer awareness of a product. The readership test helps determine the relative importance and efficacy of advertisements in the national newspaper. The readers are asked where they saw the advertisement and how it helped them become more aware of the goods.

The many approaches used to investigate the efficacy of an advertisement provide information about the influence of an advertisement on product awareness and changing consumer attitudes.

A. Post-Testing Benefits:

- (i) Determine the amount to which the advertisement has been spotted, shown, or read.
- (ii) Determine how well the message is grasped by the audience.
- (iii) To determine the advertising's memory value.
- (iv) Determine the effect of advertising on customer purchasing habits.
- (v) To see if the advertisement is achieving its goals.
- (vi) To compare the efficiency of various advertisements in terms of appeals, layout illustration, and so on.
- (vii) To make future advertising attempts more effective.

3.3 SOCIETY

Every day, advertising is a necessary part of existence. It is a widely used marketing strategy in today's society. Though the means by which marketers promote have evolved over time, the role and purpose of advertising has remained consistent. Modern society cannot exist without advertising. In the following ways, advertising is beneficial to society.

1. Encourage others to buy:

Advertising's primary goal is to encourage consumers to buy goods and services. Some businesses rely on advertising more than others: a cereal firm, for example, must promote more aggressively than a power company that faces little to no competition due to the wide range of rival products. Advertisers frequently persuade members of the public to buy things by establishing a sense of scarcity or shortage.

2. Cultural trends are reflected:

Advertising helps to bridge the cultural divide by communicating different cultures through advertising messages. It adds variety to one's social life.

3. Promotes Growth of the economy:

Advertising helps to promote the economy's overall development by generating demand and stimulating economic activity. It also ignites the desire to shop, which promotes the economy.

4. Increases standard of living:

Advertising is a commercial activity, hence it raises the level of living. It gives folks the chance to increase their income. It encourages individuals to buy more material goods, raising their living standards.

5. Improves employment generation:

Effective advertising stimulates demand for goods and services, resulting in employment. High demand necessitates increased output, which necessitates additional physical and human resources, resulting in job opportunities.

3.3.1 Socio – Economics Contribution of Advertising:

"There are two sides to every coin."

Critics praise advertising, but they also criticise it in their own unique ways. Advertising has a lot of positive effects as well as some negative ones. John O' Toole, the President of the American Association of Advertising Agencies, has described advertising as "something different." It has nothing to do with studies, yet it does educate. It is not a news organisation, but it provides all available information. And it isn't just a gizmo that entertains people; it entertains everyone. Culture is the sum total of tangible and ethereal ideals that constitute a way of life. It encompasses art, literature, music (physical), knowledge, morals, customs, and laws, among other things (intangible). It encompasses the entire society's attitude and values, which are passed down from generation to generation.

Culture includes habits, practises, attitudes, beliefs, and values. Advertising is a cultural product. Advertising is a form of persuasion, yet consumers still purchase just the things and services that they require. What they buy is a result of their cultural values. Family status, family life

cycle, social interactions, opinion leaders, reference groups, and other factors influence consumer behaviour. With the passage of time, the value system evolves. With these shifts in value systems, advertising's role adapts to the changing circumstances. When a society accepts a set of values, advertising as a social and corporate process strives to bring all those goods and services that are made to respect those values.

Critics of advertising argue that advertising-supported mass media has promoted what is popular rather than what is good, promoting materialistic ideals rather than cultural values. They cite films and serials that are shown on television and on the big screen that depict scenes of rape, murder, and other acts of violence and crime as examples. However, numerous social, religious, and educational organisations exist to guide people in a given society's behaviour.

Supporters, on the other hand, argue that advertising improves cultural values for the welfare of society. They cite advertisements for family planning, drug misuse, noise pollution, and other public awareness efforts as examples.

Thus, advertising preserves and improves cultural norms in a variety of ways, but it may also be directly or indirectly responsible for the terrible frenzy of materialism in some circumstances.

A. Economic role of advertising:

1. **Product Value:** The marketed products are not necessarily the best on the market. There are also some unadvertised products that are acceptable. However, advertising can assist improve the value of a product by portraying a positive image of it, which in turn can persuade buyers to buy it. Advertising informs consumers about the benefits of a product, hence enhancing its perceived value. Mobile phones, for example, were formerly considered a necessity, but now they come with a variety of functions that make them a method of convenience for consumers.

2. Price Effect:

Some promoted products are more expensive than unadvertised products, but the opposite is also true. However, if there is more competition in the market for certain products, such as canned juices from several brands, prices will have to come down. As a result, some professionals, such as chartered accountants and doctors, are prohibited from advertising. However, certain items do not require much advertising, and even though their prices are high, they are still market leaders due to their brand identity. Porsche automobiles, for example.

3. Consumer demand and choices:

Just because a product is highly advertised does not indicate that demand or, more specifically, consumption rates will increase. The product must be unique, with higher quality and greater variety than competitors. For example, Kellogg's cornflakes come in a variety of tastes with varying

price ranges to cater to different age groups and, more recently, people looking to lose weight, providing consumers a variety of options to choose from.

4. Effect on the business cycle:

It is undeniable that advertising aids in the hiring of additional personnel. It raises the pay scales of those who work in this profession. It aids merchants in collecting more revenue, which they can put into improving their products and services. However, advertisements have certain negative consequences on the business cycle. Consumers may find that a foreign product is superior to a national brand in some cases. This will undoubtedly have an impact on production, which will, in turn, have an impact on the country's GDP. The Abundance Principle, which states that generating more items and services than the rate of consumption helps keep consumers informed about their options and helps sellers play in a healthy and competitive environment with their self-interest, supports the economic elements.

B. Social Role of Advertising:

There are several advantages and disadvantages to advertising on social media. The following are the details.

1. Deception in Advertising:

The buyer-seller relationship is maintained if the buyer is satisfied with what they saw in the advertisement and what they received after purchasing the product. If a vendor advertises a product with a misleading or deceptive image and an overblown image, the relationship between the seller and the buyer cannot be healthy. These issues can be avoided if the seller maintains a clean ad and displays the correct image of the goods.

2. Subliminal Advertising:

The major goal of these advertisements is to capture the minds of consumers. The advertisements are designed in such a way that the consumers are unaware that the advertisement has had an impact on their brains, leading to the purchase of a product that they do not require. However, "all advertisements do not always dazzle all consumers," because the bulk of consumers buy things based on price and necessities.

3. Our Value System is Affected:

Advertisers utilise puffing methods, celebrity endorsements, and emotional play to make advertising so effective that people buy the things like helpless victims. Poor people are encouraged to buy items they cannot afford, and people are encouraged to start harmful habits such as smoking and drinking as a result of these advertisements.

4. Offensiveness:

Some commercials are so obnoxious that purchasers refuse to buy them. Denim jeans advertising, for example, featured women wearing very little clothing and making a sex appeal. These advertisements have nothing to do with the actual product. Then there are certain ads that are both educational and now widely accepted. Previously, advertisements for birth control pills were considered rude, but now the same advertisements are considered educational and useful.

But, in the end, there are some significant beneficial qualities that assist. The evolution of society and the advancement of technology

- i) Employment
- ii) Buyers are given options based on their own self-interest.
- iii) Encourages healthy rivalry
- iv) The standard of living is rising.
- v) Inform people about social, economic, and health-related issues.



3.3.2 Criticism of Advertising:

Regardless of the many benefits that advertising provides, it is exposed to severe criticism from various social groups.

(1) Product Price Increase:

Because advertising expenses are a component of the total cost of the product, it raises the price of the product. Consumers bear the brunt of the price hikes. However, it cannot be denied that advertising leads to large-scale production, which lowers overall and per-unit production costs significantly. Instead of paying more, the consumer may pay less.

(2) Multiplication of Needs:

Advertising creates fictitious demand for a product and encourages people to acquire things they don't need. It allures and generates a desire in the

minds of individuals to possess an item that they do not require because of its repetition.

(3) Deceptive:

Advertising is sometimes used to deceive people. False assertions are made about a product's various virtues in order to persuade others to buy it. Various vendors use deceptive and fraudulent methods to offer their items. All of this has a negative impact on public trust in advertising.

(4) It Can Lead to Monopoly:

Advertising can lead to monopoly in a specific product brand. A huge producer can eliminate small producers of the same product from the market and create a brand monopoly by spending a lot of money on promotion. This leads to consumer exploitation. However, this argument does not hold water in reality. Manufacturers temporarily acquire monopolistic capabilities as a result of intense rivalry from competing producers of the same product. "Advertisement fosters competition," says Marry Hepner. It frequently enables small business owners to compete with large corporations as well as launch new ventures."

(5) Harmful to Society:

Advertisements can be unethical and disagreeable at times. In order to entice buyers, these frequently include indecent language and nearly naked photos. This has a negative impact on societal values.

(6) Wastage of Valuable National Resources:

One important criticism levelled against advertising is that it reduces the utility of certain products before they reach their usual lifespan. Older models of a product are phased out in favour of newer and superior models. People in the United States, for example, like to own the most recent versions of cars while abandoning older models that are still usable. As a result, national resources are squandered.

3.4 SUMMARY

Consumer psychology is the study of how people make decisions about if, what, when, where, how, and from whom they buy goods and services. We analyse not just "why," "how," and "what" people buy while studying consumer behaviour, but also "where," "how," and "under what circumstances" transactions are made.

Consumer purchasing decisions are influenced by a variety of elements including culture, subculture, social class, and personal aspects such as age, income, occupation, life style, and personality.

Buying motives are the desires that drive people to make purchases. Buying motives are divided into two categories: (a) primary motives and (b) secondary motives. Fear, profit, vanity, habit, curiosity, sex, love,

comfort, patronage motive, and other secondary buying motives are well-known.

Advertisement testing is concerned with determining the effectiveness of advertisements. An advertisement can be tested at two stages: (a) prior to the start of the advertising campaign, and (b) after the start of the advertising campaign. The first stage is referred to as "pre-testing," while the second is referred to as "post-testing."

In India, there are numerous advertising media options, including radio, FM, and television. Radio broadcasting, the Internet, television, the press, magazines and journals, and the Mural Advertising Act are all examples of legalised advertising. However, no single medium can meet all of the company's objectives.

3.5 EXERCISE

Fill in the blanks:

Q1. _____ advertising is directed at creating awareness about social issues in the consumers.

- | | |
|--------------|------------------|
| 1. Political | 2. Social |
| 3. Cultural | 4. Financial |

Q2. Advertising mainly has a _____ impact on consumers.

- | | |
|-------------------------|-----------------|
| 1. Psychological | 2. Sociological |
| 3. Economical | 4. Technical |

Q3. In _____ method, the amount for advertising is decided on the basis of sales.

- | | |
|---------------------------------|-------------------------------|
| 1. Objective and Task | 2. Competitive Parity |
| 3. Affordable or fund available | 4. Percentage of Sales |

Q4. _____ is the fastest growing medium in advertising.

- | | |
|------------|--------------------|
| 1. Radio | 2. Television |
| 3. Outdoor | 4. Internet |

Q5. _____ test is conducted in different cities to find out ad effectiveness.

- | | |
|-----------------------|----------------------|
| 1. Sales- area | 2. Consumer jury |
| 3. Check list | 4. None of the above |

Match the column:

Creativity

SR.NO	A	B
1	Advertisement effectiveness	a) Internet
2	Digital advertisement	b) Rating
3	Consumer jury test	c) Achieve awareness
4	Ofensivenss	d) Brief
5	Radio commercials	e) Vauge ads
Answers	1- c, 2-a, 3- b, 4- d, 5 -e	

True or False:

- 1) Music has no relevance in most TV ads.
- 2) Readership Test of ad effectiveness was first developed by Gallup and Robinson.
- 3) Digital media includes only advertising through websites.
- 4) Website is form of outdoor advertisement.
- 5) Television messages are not short-lived.

(All are False)**Shorts notes:**

- 1) Television ads – Merits and Demerits
- 2) Internet Advertising
- 3) Pre – testing ads
- 4) Critisicms of Advertisng
- 5) Radio Advertisement – demerits

Answer in Brief:

- 1) Explain the elements and types of Copy
- 2) What are the Post test Methods
- 3) Discuss the socio economic role of advertisng
- 4) Explain the Broadcasting advertisment
- 5) Discuss the role of advertisement in society

SOCIAL AND REGULATORY FRAMEWORK OF ADVERTISING

Unit Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Professional courses in advertising
- 4.3 Career in advertising
- 4.4 Regulatory framework of advertising
- 4.5 Summary
- 4.6 Exercise

4.0 OBJECTIVES

Regulatory framework of advertising: Legal Framework of Advertising, Role of Information and Broadcasting Ministry (IBM), Self-Regulatory Bodies - Advertising Standards Council of India(ASCI) and Indian Broadcasting Foundation(IBF)

4.1 INTRODUCTION

The advertising industry is governed and controlled. The Indian government has established a distinct ministry to support, oversee, and manage advertising. Each of the advertising regulating and control agencies will be discussed separately

4.2 PROFESSIONAL COURSES IN ADVERTISING

- MBA in Advertising Management.
- B.Com in Advertising and Brand Management.
- BA Advertising and PR.
- Diploma in Public Relations and Advertising.
- Bachelors in Media Management.
- Diploma in Advertising and Marketing Communication.
- Diploma in Advertising (Public Relations and Business Studies)

4.3 CAREER IN ADVERTISING

The advertising sector offers a wealth of options for career advancement, making it a crucial job. The media, advertisers, advertising agencies, and

related services make up the advertising sector. Each of these engaged advertisers offers students a tough career path to choose from as they expand their careers in this rapidly growing sector. 4.4 Regulatory framework of advertising.

1) Advertising Agencies:

An advertising agency is a group of experienced marketers hired by a client to devise, create, and execute an advertising campaign on the customer's behalf.

It is estimated that there are over 4,000 advertising firms in India overall, including studios and unaccredited setups. There are 550 agencies that are accredited or partially accredited. A greater rate of growth is being observed in the number of new advertising agencies, particularly owner-managed or one-man firms.

This is so because the advertising industry offers a lot of room for expansion and improvement. Strongly driven people with a strong sense of conviction and belief in their ability to succeed despite all obstacles are best suited for careers in advertising.

The annual billing for advertising agencies has increased dramatically, and they currently total more over 2000 crores of rupees. In their functional departments listed below, they are continually in search of talented and imaginative personnel:

2) Account Executive:

In advertising jargon, "Account" refers to "Customer," and an Account Executive is the employee of the agency who is in charge of managing a certain client. He approaches various potential clients in an effort to secure fresh business for the advertising agency he represents. He serves as the primary conduit between the client and the agency.

The position of account executive in an advertising agency is significant.

By pursuing new clients, he investigates the potential for securing new business. Account directors are jobs that are promoted from successful account executives.

3) Copy Writer:

People with strong communication abilities have a greater chance of becoming copywriters because copywriting is an art.

They support an advertisement's central idea. Most advertising agencies have creative teams led by a copywriter or a visualizer. If the words are set incorrectly, even a decent copy can be ruined. Unwise selection of typefaces, widths, and weights can also ruin a layout. One becomes a copywriter when they produce persuasive copy for a client. The copywriter's responsibility is to develop the concepts for the copy flat forms and to compose the words, including header headlines and slogans.

4) Visualizers:

Visualizers are the artists who put the copywriters' imaginative ideas on paper. A successful advertisement is shaped by visualizers. The visualisers frequently hold professional degrees in commercial or fine art. A professional degree or diploma is not required to be a successful visualizer. Layouting and visualising is a crucial career path.

5) Innovative Department:

The crucial department in an advertising agency is the creative department. The concept or theme for the advertising campaign is created in this division, and the entire advertising strategy is carried out there. The director of the creative department is in charge. Visualizers, creative artists, and copywriters make up the department, and their job is to develop commercials. The copywriting and design are coordinated by the creative director.

6) Production Department:

There are also excellent career-building chances in the production department. One section of the production department is in charge of mechanically preparing the advertisement or printed material, while the other section is in charge of overseeing the administration of the detail work. Many employees work in the mechanical production area, dealing with block-makers, printers, photographers, and DTP operators in the design of printouts. A lot of production teams need help with the advertising work and handle the work in several languages.

7) Art Department:

The finished drawings from the approved layout are given to the artists to prepare for reproduction. An Art Director is in charge of the art department, and it is his responsibility to coordinate the work in order to choose the best form of treatment in order to produce the visuals and then the finished art.

8) Freelancers:

These are experts with a successful track record who work independently. They include technical writers, jingle singers, radio announcers, artists, and copywriters.

Therefore, if workers in the advertising industry are aware of the full societal implications of their work and understand their obligations to the industry, it can be an interesting and fulfilling career.

4.4 REGULATORY FRAMEWORK OF ADVERTISING

One aspect of the right to information is advertising. Because it makes it easier to spread information about who is offering what product and at what price, advertising is an essential component of Article 19(1)(a). People can make informed and shrewd financial decisions thanks to

advertisements. The recipient's right to privacy is more significant than the advertiser's right to free speech. In *Tata Pres v. Mahanagar Telephone Nigam Ltd.*, the supreme court noted that Article 19 (1)(a) not only guarantees the right to freedom of speech and expression, but it also safeguards the individual's right to hear, read, and receive commercial communication. As far as a citizen's economic demands are concerned, the information spread through advertising must serve as a guide for meeting those needs. The audience for commercial speech could be more interested in the message being delivered. As the consumer completely relies on the information the marketer provides through his advertisement of the specified goods, such deeper interest can be handled dishonestly by the advertiser.

4.4.1 Legal framework of advertising:

The Indian Penal Code, 1860, for example, makes it a crime to advertise any obscene publication or its distribution, sale, hire, or circulation, among other things, in order to govern advertising in accordance with the self-regulation code and other requirements. The Advertising Standard Council of India has now established the code for self-regulation in pertinent extracts of advertising. In accordance with its bylaws' Article 2(ii).

Three things will start to happen when the Code is more widely adopted and actively followed.

Less deceptive advertising, fewer false claims, and rising respectability

To stop customers from being duped by such marketing, it is important to identify the locations where warnings are needed. An actual illustration would be the prevalence of advertisements for quacks posing as doctors on train platforms and in the cars themselves. The most prevalent commercials are for abortion clinics and piles. Doctors are prohibited from advertising by the Medical Council's Code of Ethics. Doctors who promote their services or who take part in marketing to support a specific drug, vitamin, or medicine face disciplinary punishment. Real doctors therefore do not promote. These charlatans prey on those who need privacy for their issues. The Railway Administration, however, seems unconcerned with these advertisements.

The 1954 Drugs and Magical Remedies (Objectionable Advertisement) Act. The Schedule to this Act bans the advertisement of any diagnosis, mitigation, treatment, or prevention of certain diseases, disorders, or ailments. This law's flagrant infringement is covered by a well-known case law known as the Hamadard Davakhana case. The case's facts were that a medicine was falsely represented as having the ability to treat specific diseases in a magical way. The defendant was found responsible for these false advertisements, the court ruled.

Cancer, obesity, fits, sexual dysfunction, medications to preserve or improve sexual pleasure, or pharmaceuticals to cause miscarriage or prevent conception are just a few of the 54 such illnesses and conditions included in the Schedule.

According to the Act, breaking it would be a punishable offence. By taking part in the advertising process, the medium that carries or displays the advertisement also commits the crime. However, such advertisements go unnoticed by the police. Newspapers, television networks, and advertising agencies prioritise the lucrative and recurring revenue these advertisements create over following the law because it is profitable to do so.

Why could ASCI be expected to take action when nobody is bothered by such marketing, not even consumer organisations? Because ASCI was founded particularly to promote self-regulation in the advertising industry by businesspeople and manufacturers. Why should the entire complaint process be made into a farce?

The Cola Wars would be a prime example. Can anyone dispute that these colas are so essential to survival that their statements that they are blatantly misleading? However, due to their size and influence, no one has the guts to challenge them. Is this true.

4.4.2 Role of information and Broadcasting Ministry:

The Ministry of Information and Broadcasting (Ministry of I&B) is a ministerial-level government department in India that is in charge of drafting and enforcing legislation in the fields of information, broadcasting, the press, and Indian cinema.

The term "Information" should not be interpreted to mean only news broadcasts or educational resources in its broadest sense. Instead, it should be understood to include everything that is intended to be recorded electronically, including correspondence, legal documents, official records, and private discussions of news and opinions. It should also include anything else that originates from a human being and is converted into machine-recorded data.

After Independence, Sardar Vallabhbhai Patel served as this ministry's first minister.

One of the most significant departments in the Union Government is the Information and Broadcasting Ministry. In order to directly engage the public, this ministry represents the government. This ministry is tasked for disseminating information about government policies, plans, and programmes using popular forms of communication including dance, drama, people, and Indian culture.

- 1) The ministry oversees matters relating to All India Radio and DD by recognised national and regional political parties during elections to lok shaba and state assemblies, as well as the protocol to be followed by official electronics media during periods of national mourning following the passing of a high dignity.

- 2) There are three functional divisions within the Ministry of Information & Broadcasting: the Information Wing, the Broadcasting Wing, and the Films Wing.

Information-Wing. The Press and Registration of Books Act of 1867, the Press Council Act of 1978, and the distribution of newsprint to newspapers are all administered by the Information Wing. The Information Wing is also in charge of presenting and interpreting the policies and activities of the Government of India through the print, electronic, and digital media. It also develops policy guidelines for the rate fixation of government advertisements on print, electronic, and online platforms.

- 3) There are three functional divisions within the Ministry of Information & Broadcasting: the Information Wing, the Broadcasting Wing, and the Films Wing.

Additionally, it serves as the administrative arm for the following media units: the Press Information Bureau, the Bureau of Outreach and Communication (Directorate of Audio & Visual Publicity, Song & Drama Division, Directorate of Field Publicity), the Publications Division, the Registrar of Newspapers for India, the Photo Division, the Indian Institute of Mass Communication, Cadre management of the Indian Information Service (Groups "A" & "B"), etc.

- 4) This ministry fosters a stable environment for the development of the media and film industries and disseminates information about all programmes, policies, and accomplishments of the government.
- 5) To advance public broadcasting sectors and promote the Indian broadcasting industry. Utilizing India's comparative advantage, this ministry is now promoting the animation, VFX, and gaming industries as part of the Make in India initiative.
- 6) The expansion of infrastructure assistance and the creation of opportunities for young talents to enter the domains of print and electronic media, films, and exhibit their potential are both facilitated by the ministry.
- 7) Through film festivals and celebrations, good films, music, and film culture are promoted. The Ministry of Information and Broadcasting will receive Rs. 4361.67 crores from the government in 2019–20.

Information technology plays a crucial role in communication, The Ministry is in charge of running Prasar Bharati, the government of India's broadcasting agency. The other significant entity under this ministry is the Censor Board of India, which controls the content of movies screened in India.

Broadcasting FM Radio Phase(FM Radio Broadcasting Services Through Private Agencies) Conditional Access System (CAS) Community Radio Stations Prasar Bharati Doordarshan Akashvani (All India Radio)

Broadcast Engineering Consultants India Limited Uplinking/Downlinking of TV Channels Content Regulation on Private TV Channels DIRECT TO HOME(DTH) Internet Protocol Television (IPTV) Headend-in-the-Sky (HITS) Digital television transition Radio And Television Licence Around The World Broadcasting Authority of India Information Directorate of Advertising and Visual Publicity (DAVP) Directorate of Field Publicity Photo Division Publications Division Research Reference & Training Division Song & Drama Division Office of the Registrar of Newspapers for India (RNI) Press Council of India Press Information Bureau (PIB) Indian Institute of Mass Communication (IIMC) Films Directorate of Film Festivals (DFAI) Films Division (FD) Central Board of Film Certification Children's Film Society, India Film and Television Institute of India (FTII) Film Certification Appellate Tribunal National Film Archive of India (NFAI) Satyajit Ray Film and Television Institute National Film Development Corporation Mandate The mandate of the Ministry of Information & Broadcasting are: News Services through All India Radio (AIR) and Doordarshan(DD) for the people Development of broadcasting and television. Import and export of films. Development and promotion of film industry. Organisation of film festivals and cultural exchanges for the purpose. Directorate of Advertising and visual publicity DAVP

Handling of press relations to present the policies of Government of India and to get feed-back on the Government policies. Administration of the Press and Registration of Books Act, 1867 in respect of newspapers.

Dissemination of information about India within and outside the country through publications on matters of national importance. Research, Reference and Training to assist the media units of the Ministry to meet their responsibilities. Use of interpersonal communication and traditional folk art forms for information/ publicity campaigns on public interest issues. International co-operation in the field of information & mass media

4.4.3 Self Regulatory Bodies:

The self-regulation system in the advertising sector is largely functional and efficient. Self-regulation refers to the requirement that advertisements adhere to a Code of self-regulation that has been established by numerous laws both domestically and internationally. This is done to uphold honesty and integrity in the promotion of goods and services given to potential clients in an effort to draw them in and purchase their items. It's true what they say: the main purpose of advertising is to encourage people to buy goods they don't really want. In such a scenario, advertising frequently deceive consumers into purchasing items they do not actually need.

A number of media, including handbills, circulars, direct mail, billboards, signboards, newspapers, magazines, radio, television, the internet, and others, can be used to market a good or service. There are many different types of advertising, including competitive advertising, which contains very little information about the advertisement and is used only to support a producer maintain a share of the market. Comparative advertising contrasts the advertised brands with another brand of the same product.

4.4.4 Advertising Standards Council of India (ASCI):

For a fee, the Audit Bureau of Circulation, a research organisation with over 44 years of experience in India, assesses the circulation of newspapers and periodicals. Medium research organisations are specialised organisations that gather data on various advertising media (Operations, circulations, popularity, cost, etc.) and provide their clients with the information they require. One of these organisations working in India is ABC. People in the advertising industry took the initiative to launch ABC. The ABC was founded in 1948 as a voluntary, self-regulatory, cooperative group of advertisers and publishers as a result of their efforts.

The ABC is a non-profit organisation with limited liability that was incorporated in 1948. A management committee oversees ABC's operations. On the one side, advertisers and advertising agencies are equally represented, as are nominees of publishers. ABC is a cooperative organisation or an association of publishers of periodicals, advertising agencies, and advertisers that disseminates information about newspapers and periodicals. Each publication provides this Bureau with periodic information for this purpose.

Nearly every daily newspaper's circulation is audited by ABC, and all significant newspapers are members of this Bureau. Only publishers who receive reader payments for their publications are eligible to join ABC. These publications cannot join this Bureau since they are given away for free. In exchange for a fee, ABC offers its members an audited circulation certificate every six months for significant national newspapers and magazines.

The ABC carries out the following significant tasks:

1. The ABC employs a field operation that contacts distributors of newspapers and magazines to gather circulation data for its published members.
2. It disseminates data on the readership of different journals, as well as publication members of advertisers and agencies.
3. It evaluates publications on its own and surveys people to determine their reading preferences.
4. The ABC also evaluates how different media outlets affect certain societal segments. An advertiser can then get a trustworthy comparative picture of the efficacy of various media.
5. The certified numbers published by ABC are used as the accurate measure of the publication's readership and popularity.
6. Using industry-standard methods such as mail interviews or in-person interviews, the ABC gathers its data from the suppliers of magazines and publications.

The ABC is crucial in delivering accurate and legitimate information about newspaper and magazine circulation. This data serves as the

foundation for purchasing advertising space in various newspapers and periodicals.

Any publisher who is ready to adhere to ABC's policies respecting his circulation data may become a member of the organisation. Membership in ABC is entirely voluntary.

4.4.5 Indian Broadcasting Foundation (IBF):

Television has indeed played a significant part in influencing viewer choices and educating the general public thirty years after the Indian economy opened up to align with a contracting globe and the broadcasting sector went from the state-owned Doordarshan to around 900 channels today.

As the industry developed over time, the trade among broadcasters, agencies, and advertising got sufficiently large but remained convoluted and slow. A credit management system that followed a due process between advertisers, media buying agencies, and themselves was required by television broadcasters. In order to primarily meet this basic need, the Indian Broadcasting Foundation was founded in 1999. Members of the IBF, a non-profit organisation, include both news and non-news channels (GEC, Sports, Music, Movies, Infotainment, etc).

The IBF has put forth a lot of effort over the past 20 years to earn its stripes and be recognised as the leading organisation for television broadcasters.

- 1) IBF members oversee 400+ channels and 91 percent of national television viewership.
- 2) IBF members are admired throughout the world for their creative business methods, involvement in the social sector, and commitment to playing a significant role in the world's civil society.
- 3) The power of IBF member channels has increased over time, and they now account for almost 95% of industry revenues, supporting millions of jobs.
- 4) To assist in the creation of beneficial policies, the resolving of problems, and the introduction of required reforms in the overall system, BF offers research-based legislative inputs to the Government and engages in lobbying on a variety of fiscal, regulatory, and other business concerns.
- 5) Since June 2011, the IBF-created independent self-regulatory authority, the Broadcasting Content Complaints Council (BCCC), has started looking into content-related complaints against non-news general entertainment television stations.
- 6) IBF represents its members' interests by ensuring that credit is properly and expertly maintained between advertising, agencies, and broadcasters.

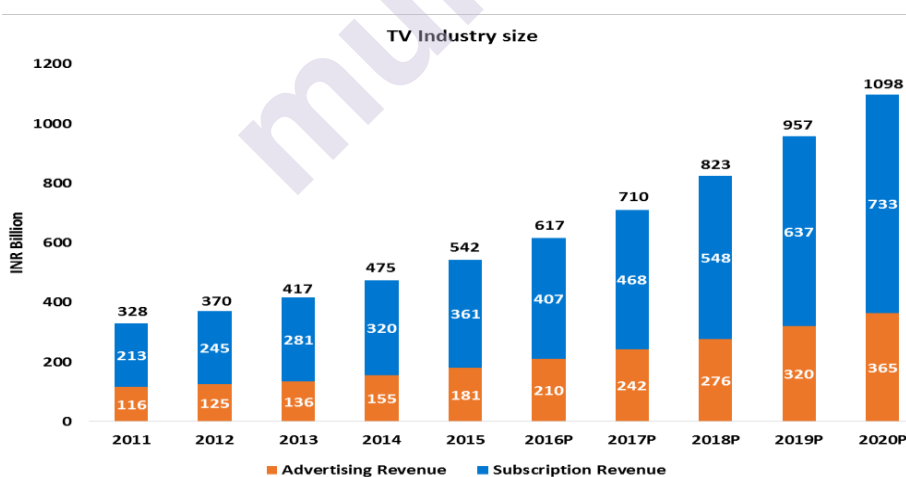
- 7) Through different Committee meetings and Forums, the IBF interacts with members and develops strategies.

A- Industry of Indian Television:

Today's typical viewer is not only overwhelmed by the variety of shows, devices, and platforms available for watching content, but the journey has also led to the creation of new benchmarks in line with the nation's diverse cultures, languages, and topographies, making India the second-largest television market in the world. There probably won't be another phenomenon like this one in the near future. The impact of television on people's lives and aspirations today is considerable. Television is a fantastic leveller because it has the singular ability to not only unite people from all social classes and keep them together, but it has also had an extraordinary impact on how people think, dream, aspiration, act, and make decisions.

It has been an interesting journey. The number of individuals who have access to television has increased significantly; from 93 million in 2008 to 163 million in 2016, TV households have increased by almost 75%. This is expected to increase. The nation as a whole has seen a huge increase in the quantity of time spent viewing television. The weekly average was 139 billion minutes in 2008; this increased to 217 billion minutes in 2011, 286 billion minutes in 2014, and 647 billion minutes in 2016 - a phenomenal increase of 365 percent over the 2008 data. This may help to explain why, despite advancements in technology and the rise of OTT platforms, TV viewership has not decreased in India.

Between 2015 and 2020, the sector is predicted to increase at a rate of 15.1 CAGR, reaching Rs 1098 billion.



Source: FICCI KPMG M&E Industry Report 2016

4.5 SUMMARY

The code of self-regulation created for advertisers in India is far from adequate, and the code needs to be followed with more sincerity. However, whenever there is a competitive advertising environment, the ASCI, a non-statutory organisation, gets dragged into the fray by each

advertiser. However, if these advertisers ever violate the public's trust by running deceptive commercials, they should be thoroughly investigated right once to protect the interests of uninformed consumers. Furthermore, ASCI, which is non-statutory and lacks binding authority over non-members, should be replaced with a statutory regulatory body. The quality of advertisements in India will undoubtedly improve as a result of this.

There are greater opportunities for false or inaccurate advertisements to deceive consumers in the market. Self-regulation rules primarily forbid parts of advertising that are deceptive or detrimental to society.

4.6 Exercise

Fill in the blanks:

- a. The full form of ABC is -----.
- b. The I and B was introduced in -----.
- c. The ABC is incorporated in -----.
- d. Copy writing is _____.
- e. _____ rules primarily forbid parts of advertising that are deceptive or detrimental to society

True or False:

- 1) Television and newspaper reporters are always ready to cover rallies, protest marches or local body meetings with politicians/public officials.
- 2) Readership of print media has declined even with effective and appealing pictures, cartoons, graphs, maps, etc.
- 3) The latest technologies help media to reach out to the masses
- 4) The impact of _____ can be seen on the billboards, newspapers, periodicals, CDs, DVDs, television programmes, films, etc
- 5) It is very important that the information provided by media is _____.

Match the column:

Group A	Group B
a) raised and carved designs of seals pressed on wet clay or wax	global culture
b) Gutenberg	Media
c) communication technology	governance and administration
d) main source of information	printing marks
e) Media brings out the defects	printed Bible

Shorts notes:

- 1) Career in advertising
- 2) ABC
- 3) IBF
- 4) Self regularaties in India
- 5) Industry in Indian Television

Answer in Brief:

- 1) In electronic media, television is very important Justify your answer.
- 2) Justify the statement “On one hand, technology has improved the efficiency of media and on the other, media updates us on the advances in technology.
- 3) Audit Bureau of Circulation (ABC)? Explain its functions.
- 4) Explain the legal side of advertising.
- 5) What is the importance of IBF

SALES MANAGEMENT - I

Unit Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Sales Force Management
- 5.3 Summary
- 5.4 Exercise
- 5.5 Reference

5.0 OBJECTIVES

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

- Understand the features, functions and importance of sales management.
- Get an insight into the concept of Art of Selling, its types and process.
- Learn sales force management, selection process and qualities of effective salesman.

5.1 INTRODUCTION

The word sales management is a combination of two words i.e., sales and management. Sales is the art of planning in the mind of another, a motive which will induce favorable action.

The committee of American Marketing Association has defined it as “Selling is the personal or impersonal process of assisting and or persuading a prospective customer to buy a commodity or a service or to act favorably upon an idea that has commercial significance to the seller.”

Hence, “Sales management is the planning, direction and control of selling of business unit including recruiting, selecting, training, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personnel of sales force”.

Sales management originally referred exclusively to the direction of the sales force. Later the term took on broader significance in addition to the management of personal selling. Sales management meant all marketing activities, including advertising, sales promotion, marketing research, physical distribution, pricing and product merchandising.

5.1.1 Meaning of Sale Management:

Sales management is a business discipline which is management of a firm's sales operations and focused on practical applications of techniques

used in sales. This is a crucial aspect of the business as net sales of products and services draw profit for the business. Sales manager is hired to look after the sales and to manage them.

Sales Management is about coordinating across all the sales efforts in the company to make sure to achieve sales targets, sales promotion activities etc. Sales management should be well integrated with marketing strategy as well as distribution strategy of the company.

Sales management is the process of developing a sales force, coordinating sales operations, and implementing sales techniques that allow a business to consistently achieve, and even surpass, its sales targets.

“The attainment of sales forces goals in an effective and efficient manner through planning, staffing, training, directing, and evaluating organizational resources.” Charles M. Futrell, Fundamentals of Selling

5.1.2 Features of Sales Management

1. General Management:

Sales management includes understanding the importance of sales and monitoring and explaining market trends to sales personnel. Sales managers provide direct supervision to salespeople and are responsible for salespeople learning and implementing any and all company sales methodologies and initiatives.

Sales managers must understand and clearly communicate sales budgets, their significance and what they mean to each salesperson.

2. Structure:

Sales management follows well defined organization structure. Sales managers create sales team structures. Common sales team structures include:

- Sales Managers
- Assistant Sales Managers
- Team Leaders
- Sales Personnel

All employees must clearly understand their responsibilities and what's expected of them in terms of performance as well as how to accomplish their assigned duties. Sales managers help sales personnel understand their place in sales departments as well as organizations as a whole.

1. Sales Strategy:

Sale management included formulation of sales strategy. Sales managers develop and implement sales strategies. Sales managers identify and

assign sales territories, plan product promotions and design or obtain sales tools such as posters and printed literature.

Moreover, sales managers create sales campaigns, which include direct mailers and telephone solicitation. Sales managers set organizational standards for customer service and building customer loyalty.

2. Recruitment of Sales Personal:

Effectively hiring salespeople is among the most critical characteristics of sales management. Recruiting top sales performers, as well as those with star potential, is an ongoing, constant process and every organization has room for more successful salespeople.

Sales managers must work at maximizing their hiring skills, including conducting quality interviews and identifying potentially successful salespeople.

3. Sales Training:

Sales management emphasis on training of sales personnel. Sales managers must effectively train their sales team. How to implement sales techniques, such as qualifying prospects; how to build product value; and how to close deals are all key components of effective sales training.

Sales personnel must learn effective time management, because top-performing salespeople consistently invest their time actively engaged in activities that directly produce income.

4. Motivation:

Sales managers must identify what motivates sales team members and design selling strategies accordingly. Interpersonal communication and relationship building skills are required, as sales managers must help salespeople create energy and gain momentum during times when they're struggling. Motivational techniques include group recognition, financial rewards and valuable prizes for outstanding sales performance.

5. Consumer Welfare:

The sales management is not only confined to self-centered corporate goals of profit and sales maximization and sustained growth. It goes well beyond these towards consumer welfare, satisfaction, delight and maximum social advantage by making available the goods and services to the needy customers in the right time and at reasonable prices, at the place wanted.

6. Customer Oriented:

Sales management is expected to be customer-oriented. It produces what is needed by the customer in the quest for maximum social welfare. Customer delight is the fundamental guiding principle of sales management.

7. Challenging Function:

Sales management is a challenging function. It is responsible for obtaining sales volume, handling sales operations so as to make contributions to profits, and for ensuring continuous growth. Sales executives assure the delivery of products with customer satisfaction.

8. Subsystem of Marketing:

Sales management is an integral subsystem of marketing management. It translates the marketing plan into marketing performance. The sales managers are subordinate to the marketing manager. They advise the marketing manager on the areas of sales force management.

5.1.3 Functions of Sales Management:

Sales management is viewed as having a systematic relationship with each other. All functions and activities are considered as a dynamic process, composed of numerous interrelated parts, aiming to achieve the organizational sales objectives. The following are the functions of sales management

1. Sales Planning:

Sales manager performed the function of sales planning. It is considered as a crucial function of sales management as it lays the foundation of other activities related to sales. Sales planning involves:

- Formulation of sales strategy
- Setting sales target
- Sales forecasting
- Demand management
- Execution of sales plan

Sales planning involve preparation of sales plan. It is strategic document that outline the business targets, resources required and defining various activities related to sales. Sales planning should be in line with organization's marketing plan, strategic planning and the business plan. It should clearly specify how the objective of organization can be achieved through actual sale of products and services.

1. Recruitment of Sales staff:

The sales manager recruits human resources required for the various activities of sales. The sales manager search for the competent manpower for the sales job and stimulate them to apply for the job.

The prospective candidates are assessed on the basis of various parameters like skills required for the job, education qualification, experience etc. The candidates are shortlisted and invited for interview.

2. Training and Development:

There is a need for training on continued basis in the field of sales and marketing. The organization must organize training programme for their sales and marketing personnel. It will help in improving knowledge, attitude, skills and social behavior of sales representative.

For instance, a training programme can be organized for new recruits in sales department to make them familiar with company's products, sales territories, local languages etc.

3. Sales Research:

The sales department must undertake sales research. The sales research helps in understanding customer's taste and preference, particular trends, feedback and suggestion from dealers and customers etc.

It will facilitate sales department in framing sales strategies. It also helps organization in marketing mix decisions with respect product, price, place and distribution.

4. Sales Forecasting:

The sales forecasting is important function of sales department. The sales department predicts the sales of the company like monthly sale forecast, quarterly sale forecast and annual sale forecast. The different methods of sales forecasting are used for the said purpose. The sales forecasting gives directions to sales department in achieving their sales goals.

5. Sales Strategy:

When the team is ready for sales performance, it requires proper guidance and support. Therefore, the sales manager needs to prepare a sales strategy which provides a sequential presentation of the steps involved in the sales process, right from lead generation to cracking the deal successfully.

6. Setting Sales Targets:

The sales department set the sales target for the sales personnel. The sales targets are decided on the basis of sales forecasting. The sales target can be for weeks, monthly, quarterly and annually. The sales targets should be specific, measurable, attainable, realistic and time bound. For instance, sales target can be to sale 10 units of products 'X' in one week.

7. Reward Systems:

The sales manager prepared reward and incentive systems for the sales personnel. The effective reward system drives the sale of the products in the market. It also brings motivation amongst sales representative. The reward system can be in the form of cash incentives over and above basic salary, sponsored vacations, gift vouchers, higher promotion etc.

8. Sales Correspondence:

The sales correspondence is one of the important functions of the sales department. The sales department must give reply of any incoming letter in prescribed time. The reply should be tactful, simple in language, helpful and every customer must feel that his enquiries being considered.

For instance, if the promises cannot be kept with regard to delivery date or other matters, the customers should be informed immediately and whenever practicable reasons for the delay should be given.

9. After Sales Services:

It is underlying principle that after sales service is the duty of sales department. The manufacturer is very much particular about their products are being installed properly. This is not only a service to the customers but also a protection against complaints and general dissatisfaction of the customers.

The manufacturers, therefore, maintain a staff of skilled engineers and mechanics, who carry out tests at the customer works, give technical help and advice and see that product is functioning properly.

5.1.4 Importance of Sales Management:

1. Assist Marketing Management:

Sales management assist and aid marketing management. Sales management helps the marketing and selling plans to convert or transform into profitable actions. Sales managers can attain sales target by proper knowledge of marketing and selling.

2. Management of Sales Teams:

Sale management facilitates effective management of sales teams. Sales manager is responsible for all the activities such as

- Recruitment and Selection
- Training & Development
- Performance appraisal
- Compensation of the salespeople

Through this function, the sales manager decides or choose the best possible employees for the work in an organization.

3. Induced Higher Sales:

Sales management induced higher sales. Effective sales manager inspired the sales people such that they have passion to sell the product or have curiosity to attain sales. Sales manager should have a team that should be productive in giving results.

4. Training and Development:

Training and development is one of the crucial parts of the sales management. It will help to increase the skills, knowledge, and abilities of a particular sales personnel so that he can provide an appropriate solution to the customers.

5. Brand Image:

Sale management helps in enhancing brand image of the product. Sales managers inform the customers of the upcoming products. The customers are induced to buy the product because of the brand image and better performance over prolong period of time can result in goodwill of the product among the customers and intermediaries. For instance, Apple (I phone), Kellogg's cornflakes, and so on.

6. Sales Data:

Sales management enable organization to collect sales data. The role of the sales manager is to collect the information related to consumer tastes and preferences, income occupation which will give idea related to consumer purchasing power that can affect the selling process.

7. Evaluation of Sales Performance:

Sales management helps in evaluation of sales performance. By evaluation of a sales performance, the sales department will try to understand whether there are deviations between actual sales and desired sales. If so than immediate corrective measures need to be adopted.

8. Formulation of Business Plans:

Sales management facilitates in formulation of business plans. The sales department presents information relating to sales, product, competition, estimated profits, consumer behavior, dealer relations, etc. from time to time. The Sales Manager provides information, ideas, and facts for business plans and policies formulated by top management.

9. Economic Development:

Sales management facilitates in economic development of nation. Sales management sets highly realistic sales and profit goals leading to sustained growth. It improves the quality of products, brings innovations, searches new markets, creates new demand, and generates additional jobs in the country. It serves as a source of energy to the growth of the national economy.

10. Customer Relationship:

With greater competitive pressures, the selling task will become increasingly difficult and complex. Successful companies will distinguish themselves by the relationships they develop with their customers.

Thus, managing the salesforce will become more important to the ongoing success of most companies. The success of sales management depends largely on their ability to enable, support and assist salespeople in developing profitable relationships with their customers.

5.1.5. Introduction of Art of Selling:

Prof. William J. Stanton has defined selling as, "Selling is the personal communication of information to persuade a prospective customer to buy a service or idea."

American Marketing Association has defined it as, "Selling is an oral presentation in a conservative with one or more prospective customers for the purpose of making sales."

Prof. Philip Kotler has defined selling as, "Selling is face to face interaction with one or more prospective purchasers for the purpose of making presentation, answering questions, and procuring orders."

Selling is a face-to-face selling technique by which a salesperson uses his or her interpersonal skills to persuade a customer in buying a particular product. The salesperson tries to highlight various features of the product to convince the customer that it will only add value.

However, getting a customer to buy a product is not the motive behind selling every time. Often companies try to follow this approach with customers to make them aware of a new product. The company wants to spread awareness about the product for which it adopts a person-to-person approach. This is because selling involves personal touch; a salesperson knows better how to pitch a product to the potential customer.

Selling can take place through two different channels, through retail and through direct-to-consumer channel. Under the retail channel, a sales person interacts with potential customers who come on their own to enquire about a product. The job of the salesperson is to make sure that he understands the need of the customers and accordingly shows various products that he keeps under that category. Under the direct channel, a salesperson visits potential customers in an attempt to make them aware about a new product that the company is launching or it may have a new offer which the customers may not get from the open market.

5.1.6 Types of Selling:

1. Transaction Selling:

Transaction selling is a simple, short-term sales strategy that focuses on making quick sales. In this type of sales model, neither the buyer nor the seller has much interest in developing a long-term relationship.

Transaction selling works well with simple, commodity products. Since the product is generally available from multiple sources and is indistinguishable from competitive products, the sale is made on price and availability. Sales representative generally have minimal interaction with

the customer. Marketing typically informs the customer and drives demand.

Transaction selling is most often found in retail environments where the customer has a good idea of what he wants and asks salespeople simple, clarifying questions.

2. Relationship Selling:

Relationship selling usually involves simple or moderately complex products. Often the deals involve larger unit volumes or greater revenue. In a relationship selling model, the salesperson develops professional relationships with buyers at their target customers. Relationships are typically based on familiarity, likeability and ultimately trust.

When a customer has a buying need, the buyer explores the market, shopping for competitive prices and availability. When the buyer has found reasonable purchase options, he or she offers the relationship salesperson a “last look” at the opportunity. If the salesperson can meet the competing offers, he will win the deal. If not, the buyer will purchase from one of the competitors.

3. Partnership Selling:

In a partnership selling arrangement, the seller becomes an important part of the customer’s team. The salesperson is selling a complex solution that is integral to a customer’s success.

An example of a sales partnership may be the sale of GE jet engines to Boeing. The success of both GE Aircraft Engines and Boeing depends on the engines fitting on and working perfectly with the Boeing airframe. This type of sale relies on a long-term, valued partnership between both parties. Often, partnership sales take years to develop.

4. Informative Selling:

Salespeople with informative sales styles educate customers about a company's offerings, but they tend to have fewer interactions with customers. This style is popular among sales professionals who are selling to a diverse audience. For instance, salespeople using informative sales styles on infomercials or sales networks where the seller is explaining the benefits of a product or service.

5. Persuasive Selling:

Some salespeople intend to persuade customers to buy a product or service, using strategies like presentations, customer success stories or data points, like projected return on investment (ROI). Persuasive selling strategies are popular in areas where there are many customers and there's limited time to capture and maintain their attention.

For instance, mall kiosks, market stalls and tourist areas are places one might see persuasive selling strategies at work.

6. Need Oriented Selling:

Needs-oriented sellers often adjust their sales pitches to address the perceived needs of their clients or customers. They can improvise responses, solve problems quickly and explain why their product or service is a good fit, offering ideas for how a customer could buy and use the product or service.

One might see a needs-oriented sales approach in settings where salespeople have time to design individualized experiences for customers or where customers approach salespeople with questions or problems. Customer service representatives are examples of professionals who often make sales by responding to the needs of a customer, as are sales associates in stores or chat boxes for online retailers.

7. Collaborative Selling:

Collaborative sales styles can be effective strategies for those interested in building relationships, finding solutions that work for their customers and taking a more informed and academic approach to sales. Collaborative sales professionals often aim to educate and help their customers, and they work to establish trust early in the relationship. Collaborative sales approaches may require larger time investments than other styles, but the result may be a customer who feels understood.

Collaboration often exists when the salesperson and the client can work together to find a mutual solution that best addresses the client's needs and the salesperson's goals. This sales style values interaction, making it applicable to consultants, custom-product retailers and other sales settings where representatives have large amounts of time with a single customer.

8. Social Media Selling:

Online and social media marketing techniques often include profile building, networking and content creation. Many social sellers strive to present their products in a subtle, conversational style, which can work well if social media sellers have a large social media following or if target audience is primarily online.

Social media influencers are an example of sales professionals who use this selling style to connect with their customers. In this selling strategy, it's common for sellers to make the buyer-seller relationship less obvious by incorporating sales into their regularly produced content and marketing themselves as fellow users rather than sales representatives.

9. Substantive Selling:

Another less direct sales style is the substantive style. Professionals with this style often prioritize relationships with customers more than sales, so customers often perceive substantive-style salespeople as reliable and loyal. Quality products and services, established territories, selling autonomy and company support are often key criteria for those interested

in substantive sales. Examples of substantive sellers are partner relations specialists or account managers.

10. Actionable Selling:

Action-oriented sellers are high-achieving professionals interested in selling to top decision-makers. Those with this sales style are often commission-motivated and exceptional at creating a sense of urgency for their customers by implying scarcity of a product or service. Professionals who use this style are often confident and highly motivated, viewing sales as exciting challenges and responding to sales leads quickly. Ticket sales, event registrations and subscriptions are some places where one might see this style in use, but actionable sales styles exist across many industries.

5.1.7 Selling Process:

Sales are the lifeblood of any organization and managing the sales process is one of the most important functions of any business.

1. Identifying Prospecting Buyer:

The first stage of selling process involves identifying potential customers. All prospects identified may not turn out to be actual customers. Hence identifying the right prospect is essential as it determines the future selling process.

Marketers tap different sources to identify the prospective customers. Marketers search for prospects in directories, websites and contact through mail and telephone. After identifying the prospect, the sales person qualifies the prospects on the basis of their financial ability, needs, taste and preferences.

2. Preparing for the Sale:

This step consists in finding and analyzing information regarding prospects specific product needs, current brands being used; feelings about other available brands and personal characteristics. This information is used in selecting an approach and in creating a sales presentation.

The more information about a prospect that a salesman has, the better able he is to develop an approach and presentation that precisely communicates with the prospect.

3. Pre-approach:

The next step to prospecting and qualifying is pre-approach. At this stage the salesperson needs to decide as to how to approach the prospective customer. The salesperson may make a personal visit, a phone call or send a letter, based on the convenience of the prospects.

4. Approach:

At this stage the salesperson should properly approach the prospects. He should properly greet the buyer and give a good start to the conversation.

The salesperson's attitude, appearance, way of speaking matters most at this stage.

5. Presentation:

At this stage the salesperson provides detailed information about the product and benefits of the product. The salesperson narrates the features of the product, explains the benefit and the worth of the product in terms of money.

6. Overcoming Objections:

After presentation and demonstration, when customers are asked to place order, they are reluctant to buy and raise objection. Customers give importance to well-established brands, show apathy, impatience, reluctance to participate in the talk etc. Customer may raise objection with regard to price, delivery schedule; product or company characteristics, etc. Salesperson handles such objections skillfully by clarifying their objections and convinces the customer to make purchase.

7. Closing the Sale:

After handling objections and convincing customers to buy the product, the salesperson requests the customer to place order. The salesperson assists the buyer to place order.

8. Follow up:

Immediately after closing the sale, the salesperson should take some follow up measures. The sales person assures about delivery at right time, proper installation, after sales service. This ensures customer satisfaction and repeat purchase.

9. Account Maintenance:

While account maintenance is listed as the final activity in the selling process, it really amounts to the beginning of the next sale and, thus, the beginning of a buyer-seller relationship. In selling situations where repeat purchasing is a goal (compared to a one-time sale), following up with a customer is critical to establishing a long-term relationship.

In recent years, the selling process has changed dramatically as the vast majority of sales take place online or over the phone instead of in person. And in response, sales management systems have become more technologically sophisticated.

5.1.8 Qualities of an Effective Salesman:

1. Listening Skills:

The sales personnel should have listening skills. A good sales person needs to satisfy client's needs. He should listen to his client carefully and talk whenever is required. A good sales person isn't talking always. A customer doesn't like chatterbox sales man.

2. Honesty:

The customer highly appreciates honest sales representative. It is expected that sales personnel will give true and fair view of the products. He should not hide any important and relevant information about the product from the client. It is more relevant in the case of financial products where there were many instances of miss-selling by sales representative. The honesty on the part of sales personnel creates good and favorable image about product in general and about company as a whole in the mind of customers.

3. Empathy:

Empathy is the ability to understand other people's problems and views. A sales person should be empathetic towards customer's needs. It helps in anticipating what customer's needs and wants in advance. It also facilitates in preparation of sale presentation.

4. Networking:

Networking is one of the important traits of the sales person. A good sales person loves to network. It is advisable for the sales person to get involve in their sale community and tries to have many business relationships. It will bring more contacts which will generate more leads for the sales person.

5. Enthusiasm:

A successful sales person is always motivated. He is always ready make a sale at any given moment. He should constantly look for possibilities. An enthusiasm on the part of sales person encourages customer to buy or a place an order of the product.

6. Forecasting:

The crucial part of sales management is forecasting future sales. The sales manager must develop skills of sales forecasting. The sales manager should have sound knowledge of different methods of sales forecasting. It will help in various activities related to sales like sales planning, scheduling, directing, recruitment etc.

7. Emotional Intelligence:

Emotional intelligence is important for sale people but critical for sales manager. During sales, it will enable sales manager to overcome objections of potential clients. It also helps sales manager in knowing how and when to motivate, support and console sales team in order to maximize their performance.

8. Ability to Challenge:

An effective sales manager should act like a mentor who challenges and inspires growth in all of their team members. They should be someone

who is respected and has an outstanding and accomplished history in the field of sales. They should possess effective interpersonal skills.

9. Adaptability:

The profile of the sales team can vary from person to person. One may have seasoned sales professionals with decades of experience sitting alongside passionate, ambitious college graduates starting their first sales role. The organizations look for sales managers who can adapt their leadership style to motivate sellers with different levels of experience and backgrounds.

10. Team Leader:

Many top sales people prefer to work alone. They prefer the independent feeling of being on the phone or out on the road pursuing their own prospects. But sales management requires sales manager to work closely with people. Not only they have to work with sales team but also needs to report upper management on a regular basis. Sale manager needs to communicate regularly with the team members. It shows that the sales manager really cares about sales team.

5.2 SALES FORCE MANAGEMENT

Businesses are under the misconception that as long as they design a good sales strategy, everything is all set. But that's not the case. Firm need to also hire a good team to ensure that strategies are being implemented. Like Steve Jobs said, 'Ideas are worth nothing unless executed.' That is why sales force management should be firm's priority.

Sales Force management is the development of a sales force that includes coordination of sales operations, as well as the training and application of sales methods that result in achieving sales goals and objectives.

Sales Force Management is a sub-system of marketing management. It is sales management that translates the marketing plan into marketing performance.

5.2.1 Meaning of Selection:

Selection means selecting the fixed number of suitable candidates from those who applied for the posts. Selection process starts as soon as recruitment ends. Recruitment considers all applications received in a due date while selection considers only the required number of most suitable candidates.

There is no ideal selection process that most companies can follow. Normally, for selecting salesmen, the simple and short selection process is followed. However, some companies, when more salesmen are to be selected at time, also follow lengthy and systematic selection process.

5.2.2 Steps in Selection Process:

1. Receiving Applications:

Applications are received from eligible candidates for the salesperson job. The candidates might have been asked to send their applications in a plain paper along with their bio-data. Some organizations make available what are called 'Application Blanks', which may be obtained on payment of the prescribed fee.

2. Screening Applications:

The applications received from all the candidates for the salesperson job will then have to be processed. Incomplete applications will be set aside. Applications of those candidates who fail to fulfill the eligibility criteria will be not be accepted for the salesperson job.

3. Preliminary Interview:

Interview is, by far the most important part of selection procedure. The panel of experts decides the number of candidates to be called for interview and letters are sent to the candidates well in advance.

4. Written Tests:

All the eligible candidates for the salesperson job may then be called for a written test. The test paper usually contains two parts, objective and descriptive questions. The objective questions may test the candidate's knowledge of English, mathematics and also his level of general knowledge. The descriptive part will test the candidate's ability to draft a letter and prepare a general essay.

5. Final Interview:

The candidates who have been successful in the written test during the salesperson selection process will then be called for an interview. Interview is a face-to-face oral examination of the candidate. The candidate may be asked questions on a wide range of subjects like politics, sports, marketing, banking and so on.

The objective of interview is to test the candidate's ability to face a panel of experts and communicate his ideas. The interview will help the employer to know whether the candidate is a shy person or is bold enough to undertake any assignment. The candidates, who are going to be selected as salesperson, shall possess good communication ability.

6. Reference Checking:

Applicants for jobs of salesperson are usually asked to give the names of a couple of eminent persons in their applications. Such persons, who are called referees, may be contacted by the employer to know the conduct and character of the candidate.

7. Medical Examination:

Successful candidates for the salesperson job shall be medically examined to find out whether they are physically fit. The candidate's height, weight, eyesight, etc., are checked. Physical fitness is important for any kind of job. It is even more important for a salesperson as he has to undertake lot of traveling.

8. Final Selection:

Candidates found to be medically fit may be appointed on probation for the salesperson job. Probation is the initial training period during which the salesperson has to learn his work and also perform to the satisfaction of the employer. The period of probation may vary from six months to two years.

Only those salespersons, who have lived up to the expectations of the employer, during the period of probation, will be retained. During probation, the salesperson usually gets a consolidated salary. He will be put on scale of pay only on confirmation of his service.

5.3 SUMMARY

Sales management is the process of hiring, training and motivating sales staff, coordinating operations across the sales department and implementing a cohesive sales strategy that drives business revenues.

The benefits of effective sales management include:

- Increased sales revenue and profitability
- Improved sales forecast reliability, thereby reducing revenue variability
- Better satisfaction and loyalty both from customers and staff
- Reduced staff turnover and therefore reduced recruitment and retention costs
- Increased productivity per staff member

With the internet at their fingers, customers are more sophisticated than ever and they expect companies to meet that level of sophistication. They want to be able to communicate with and source information from businesses quickly and easily; they want customer service online and through social networks as well as over the phone. Sales representatives also want and expect advanced tools to help them do their job well. Cloud and mobile applications and access to high quality, real-time customer information have moved from nice-to-have to essentials of the sales toolkit.

5.4 EXERCISE

Fill in the Blanks

1. _____ is discipline of maximizing benefits a company and its customers receive from the efforts of its sales force.

a) Sales Management	b) Human Resource Management
c) Financial Management	d) Production Management
2. Sales management is the _____ of a sales staff, and the tracking and reporting of the company's sales.

a) Strategy	b) Training and management
c) Management	d) Controlling
3. _____ is the fundamental guiding principle of sales management.

a) Customer delight	b) Customer orientation
c) Client satisfaction	d) Client feedback
4. _____ is a sub-system of marketing management.

a) Sales force management	b) Financial management
c) Human Resource management	d) Coordination management
5. _____ means selecting the fixed number of suitable candidates from those who applied for the posts.

a) Selection	b) Recruitment
c) Job profile	d) Job description

Answers:

1. Sales Management
2. Training and management
3. Customer delight
4. Sales force management
5. Selection

Match the column:

Column A	Column B
1. Receiving applications	A. Qualities of effective sales person
2. Honesty, Empathy	B. Function of sales department
3. Prospecting	C. First step in selection process
4. Sales forecasting	D. Mall kiosk, market stalls, tourist areas
5. Persuasive Selling	E. First step in selling process

Answers:

1. C, 2. A, 3. E, 4. B, 5. D

True or False:

1. Sales management follows well defined organization structure.
2. Board of Directors performed the function of sales planning.
3. Sales management enable organization to collect sales data.
4. Action-oriented sellers are high-achieving professionals interested in selling to top decision-makers.
5. Networking is one of the important traits of the sales person.

Answers:

1. True 2. False 3. True 4. True 5. True

Short Notes:

1. Features of sales management
2. Significance of sales management
3. Types of selling
4. Qualities of effective salesman
5. Art of selling

Answer in brief:

1. Define the term Sales management and also explain its characteristics.
2. What is Art of Selling? Discuss the process of selling with suitable example.
3. Define the term selections and also explain the process of selection.
4. "Salesman should possess various types of skills" Substantiate.
5. Discuss the functions of sales management.

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SALES MANAGEMENT - II

Unit Structure

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Sales Organization
- 6.3 Summary
- 6.4 Exercise
- 6.5 References

6.0 OBJECTIVES

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

- Understand meaning of sales training and different types sales training methods.
- Explore various motivational factors and compensation methods of sales personnel.
- Comprehend structure and steps in developing a sales organization.

6.1 INTRODUCTION

The world of sales management is developing fast. It is undergoing tremendous changes due to advancement of technology. It is no longer restricted to selling the product to customer but great deal emphasis is given on development of sales personnel and sale organization.

Sales is life blood of any organization. It is actual sales that bring revenue to the organization which further will be used for expansion and modernization. Sale management is backbone of marketing management. It became effective when organization give attention to motivational factors influencing sales personnel. The various types of compensation methods for sales personnel also bring competitive advantage to the firm. The structure of the sales organization plays crucial role in the development of organization. This unit focuses on human resource and organization structure of sales management.

6.1.1 Meaning of Sales Training:

Sales training involves the personal development of skills and techniques related to creating and exploring new sales opportunities, as well as closing sales for an organization.

Sales training is a process of providing the sales force with specific skills for performing their task better and helping them to correct deficiencies in their sales performance.

According to National Society of Sales Training Executives, USA, “Sales training is the intentional and sound application of ordinary sense to the problem of helping the sales personnel to make the most of their talents.”

6.1.2 Techniques of Sales Training:

Selection of the right training method is vital. Before choosing a method, it is essential to know which method will offer the best skill and learning development to the trainees. The training method is also geared to generate the right attitude in the trainees that would enhance the acceptability of training. The details of the training methods are explained below:

1. Lecture Method:

The lecture method presents the needed information on selling skills and techniques to the trainees. Sales trainees learn ideas about selling as a functional component, managerial practices of selling, different underlying problems of selling, creativity in selling, role of selling in cross-functional interaction, etc. A participative environment is created in the lecture method, where trainees can be actively involved by listening to the lectures, writing notes, asking questions, clearing doubts, and getting suggestions.

Often written materials and instruction manuals are handed to the participants. Some instructors take help of the audio-visual aids to animate the lecture sessions and arouse a deep interest among the trainees. Company executives, senior managers, professional trainers, guest lecturers with huge experience in the marketing discipline are invited to act as speakers in the lecture sessions.

2. Conference Training:

Conference is a platform for discussing various issues on a topic. As a training medium, it provides the right ambience for interaction between the trainees and the trainers. It is a group meeting which has pre-planned items for discussion. The discussion can flow on multiple tracks revolving around the issue. The conference coordinator or the leader presents the connective link between these different points of discussion.

In sales training, conference method gives opportunity for an all-round discussion veering around specific products or services that sales trainees will sell in future. Sales management and territory management are also discussed in the conference proceedings. The entire session is controlled by a chairperson who sums up the discussion in the conference.

3. Case Study:

Case study is a written description about a real life or hypothetical selling situation or a sales problem that is discussed in a classroom. The trainees have to sincerely listen to and understand the various issues in the case. After this, they need to relate to these issues with personal selling concepts and principles which they have already learnt before they take part in the

case study. The case discussion tries to highlight the problem areas, diagnose the inputs of personal selling discipline and offer solutions to the problems. Salespeople are allowed to throw their views to gain confidence.

4. On-the-Job Training:

On-the-job training is a popular technique that gives opportunities to new employees to gather hands-on learning experience. In the selling context, newly recruited salespeople get a scope to observe the approaches of senior salespeople, sales supervisors when they interact with customers. These new salespeople are asked to minutely watch the discussion from where they can get an idea of how to deal with the present and prospective customers.

Next, the sales trainees are allowed to make sales calls in the presence of senior sales personnel. After the completion of calls, the seniors discuss the mistakes of the salespeople and advise on how to improve a specific sales situation. This, in fact, motivates the trainees to sell more, and learn from their faults. Modern day training programmes are more interactive in nature. Particularly in the field such as – sales, these newer methods have proved of immense use.

5. Audio-Visual Oriented Training:

These training methods are lively and interesting demonstration of films, power points, audio cassettes, videos, etc. It gives the trainees a chance to have a look at the charts, graphs, tables, slides, talk show, buyer-seller interaction, interview of a marketing expert or consultant, a meeting session with the dealers, some realistic buying-selling situations, etc. These methods, when integrated with lecture-based trainings, create a highly stimulating training environment where trainees get the opportunity to learn both theoretical and practical applications of selling.

Newly recruited salespeople are exposed to computer-based training (CBT), DVD systems or other multimedia applications that simulate unique buying-selling situations. These training devices, though expensive, are highly effective because of the practical orientation and the short learning time available. In fact, multimedia applications have revolutionized the simulated training methods where the sales trainees get advanced training through e-learning modules and e-performance support system (EPSS).

Videoconferencing is becoming popular today and is effective for long-distance communication. This training method combines video presentations and computer-aided questioning techniques. In this technique, questions are displayed on computers regarding how to manage a particular sales situation, how to take decisions in problem-oriented situations, etc. Web-based training and video conferencing are useful in a decentralized training technique where trainees stay geographically dispersed and both make possible the live demonstration combining audio and video effects.

6. Management Games:

Computerized management games are used by some firms where trainees are divided into groups with each group having five to six participants. Games take place amongst these groups after creating a simulated marketplace situation. The competition judges the teams on the most effective decision taken on sales budget, selling expenses, sales turnover ratio, etc.

7. Role Playing:

In role playing, an artificial environment of the realistic sales situation is created and salespeople are asked to sell a product to an imaginary prospect. Trainees are asked to assume the role of salespeople and prospects in rotations. So, the trainees find an opportunity to replicate the buying-selling session that they will face in real-life situations. Trainers closely monitor the session and guide the trainees on how to improve in different scenarios. The objective is to develop skills in trainees in managing and controlling the sales situations. Trainees also learn to handle problems.

8. Group Discussion Method:

In this method of training, different groups are formed by limited number of persons (15-20). Each group seeks guidance under the leadership of a senior officer. The group discusses the sales problems with the leader and efforts are made to find out a commonly agreed solution to each problem. During group discussions, everyone gets an opportunity to learn from the ideas of others.

9. Job Rotation Training:

This method is used to provide knowledge to the trainees in respect of functions of different departments; such as, research department, accounts, advertising, purchase, packaging and public relations, etc. Job rotation training is organized on the basis of a well-planned training programme. This type of training develops the practical knowledge of the trainees on different aspects of sales.

10. Personal Discussion:

In this method of training, salesmen contact with his Sales Managers and Senior Managers from time to time and discuss with them the individual problems. The Managers give good advices and suggestions, on the basis of their experience in the field. The guidance relating to marketing their effectiveness, route planning, call scheduling, management of sales timings, and other matters related to sales are given by the Managers to the sales trainees.

11. Correspondence Courses:

When the sales trainees are appointed to work at distant place from the headquarters, and their respective sales territories, it becomes difficult for

them to assemble at the headquarters or at a place fixed for training. In such cases, training is imparted through correspondence. The training materials are printed and circulated to the sales trainee at different places where they are working. The trainees read the materials carefully and learn to adopt or follow the guidance and instructions received through the study materials, in practice. If they find any problem in understanding the contents of such training materials, clarifications are sought through correspondence.

6.1.3 Motivating the Sales Force:

Motivation in the sales function refers to the amount of effort a salesperson is willing to expend in the selling job. While some salespersons are self-motivated, there are others who need to be motivated to perform.

Factors affecting Motivation of Sales Force:

The successful salesperson is a driven individual. Her unflagging eagerness, willingness to seize opportunities and stubborn persistence are what make her a superior performer in workplace. These traits, while they may be partially inherent in her personality, require fuel to keep the salesperson working at her highest level. This fuel is motivation and exists in many forms tied to incentives and rewards for a job well done.

1. Basis Salary:

The most common way of motivating anyone in any profession is through basic salary. A salesperson is especially conscious of that because his income increases when he closes a sale. The knowledge that the more he sells, the more he makes is the impetus for seeking more potential customers, retaining current clients, marketing of the product and finding other methods of increasing sales.

2. Awards:

Awards are incentives for the salesperson to work at the highest possible level. A manager can create contests for the top salesperson of the week or month in which he can give a prize. Cash awards are most highly valued by salespersons. If firm unable to provide a bonus, it can offer other incentives. The prize can be simple, such as a prime parking spot, small gift card or trophy. The pride involved in being the best can be motivator for sales force.

3. Sales Training:

A key salesperson knows the value of training others. Trainees benefit from the knowledge imparted by an experienced worker in sales while the trainer derives increased motivation from teaching others how to work successfully in her field. The salesperson's desire is naturally increased by the self-esteem boost he receives from the peers he is training. The peer recognition is a motivating factor for salespersons.

4. Conventions:

A well-planned convention can provide help in motivating salespeople to raise their levels of performance. The presentation of new techniques, the camaraderie and sharing of ideas between peers and the breaking of the regular business routine is important in instilling renewed excitement in sales team. Allow sales person to implement what they had learned from conventions and watch their progress in becoming more polished professionals.

5. Autonomy:

Give sales workers the flexibility to develop their individual strategies for their job. Let them design their own pitches, help create their list of potential clients. This flexibility illustrates firm's trust in their abilities and provides them with the freedom they need for their own self-belief.

6. Team Spirit:

Many salespeople are perceived as hard-working go-getters who prefer to work alone. The nature of a sales position attracts people who are independent and prefer working by themselves. However, there are many salespeople who do not fit neatly into that stereotypical image. They are motivated by the social aspects of being part of a team and contributing to the team's success. These people may get satisfaction from group problem solving, contributing to a co-worker's success, or even playing a major role at a sales meeting. The firm can:

- Hold frequent sales meetings or social functions
- Get them involved in team projects
- Build in team incentives

7. Challenging Opportunity:

Many salespeople are driven by opportunity. What constitutes an opportunity varies from person to person. However, motivational opportunities usually fall into the categories of challenges, and the possibility of improving one's situation on the job or in life in general. The firm should try to create an environment that offers opportunities.

8. Collaborative Competition:

Salespeople are competitive by nature, but going head-to-head with each other can create negative motivation. It drives some to disregard their colleagues and others to resent their colleagues. Foster collaboration above competition, and it's more likely everyone will be motivated. The goal is to compete against competitors, not each other. Encourage collaboration by rewarding mentoring, knowledge-sharing and efforts to work together to overcome the competition.

9. Participation in Management:

While salespeople need to find meaning in their work, they need to feel their work is valued by their management and company to stay motivated, a study by the American Psychological Association. The following are some ways to make salespeople feel valued:

- Involved in decision-making
- Offer growth and advancement opportunities
- Create flexible work arrangements
- Compensate fairly and adequately

10. Encouraging Initiative:

In the same as collaboration, encourage salespeople to be entrepreneurs by cultivating ideas to grow business. Give them the time, freedom and space to try their ideas. Reward them for bringing new ideas to increase market share and find new customers. Give larger rewards for ideas that are implemented and even larger rewards for ideas that work.

6.1.4 Compensating Sales Force:

Sales compensation is the combination of base salary, commission, and incentives that are used to drive the performance of a sales organization. A sales compensation plan is the individual plan for a sales representative within sales organization, and it should be designed with specific concepts and components in mind, based on their role within the sales cycle, types of sales engagements, seniority, and more.

A. Types of Sales Compensation Plan:

1. Straight Salary:

It is the most common method for remunerating sales force. Here, payment made to salesman is called salary. Mostly, salary includes basic pay plus dearness allowance. The salary is the payment made to a person for carrying out his job or performing his duties over a given period of time.

It is based on total time or units of time (for example, days, weeks, or months) spent on the work. For example, salary is paid monthly, weekly, fortnightly, or may be any other duration of time. Salary is paid according to fixed scale of pay. It involves a stable and guaranteed payment regardless of amount of work. It is free from business fluctuations.

2. Salary Plus Commission:

This is a popular and widely practiced method or plan to remunerate sales force. Under this method, over and above fixed and regular salary, a salesman is paid commission, too. Rate of commission may be fixed or variable, may be common or different to all products and territories. It

satisfies both a new salesman, and experienced and enthusiastic salesman. All other selling expenses and fringe benefits are paid extra, directly or indirectly. The strongest aspect of this method is that it combines elements of a regular fixed payment and an incentive to do better.

3. Commission Only:

Commission only plans do not have a base salary. Sales personnel are only paid when they make a sale. There is no guaranteed income. If sales personnel don't make any sales, they do not get paid. While they are simple enough to manage, it can be challenging to attract salespeople to work in these roles.

4. Point or Merit Based Method:

In India, this is not a popular method. It is relatively a new method to remunerate salesmen. Here, amount of remuneration to be paid to salesmen depends on merits, marks, or point the salesmen have obtained.

Company fixes rate per merit/mark/point in advance and communicate the same with salesmen. Opinion of salesmen may be considered to decide the acceptable rate or price of each unit. Amount of salary can be arrived at by multiplying points with rate per point.

5. Territory Volume:

This is common in companies that take a team-based sales approach. Total sales for a given territory are tallied up at the end of the sales period and sales representative are paid commission equally.

For example, if a company has 5 sales representatives working in a territory and they sell Rs.100,000 of business during a pay period, each sales representatives receives Rs. 20,000.

6. Profit Sharing:

This is not much popular mode of payment. It is not a part of regular payment to salesmen. Profit sharing is used occasionally or in exceptional cases. Profit sharing can be linked with salary and bonus, commission and bonus, or salary, commission and bonus, or with any other combination.

This benefit is offered either on product-wise profits, territory-wise profits or total profits. It is not obligatory on part of a company. It depends on attitude and intension of management. If there is adequate profit, and if the company wants to share the profit with salesmen, profit sharing is possible. Normally, a company shares certain per cent profit equally among salesmen.

7. Draw against Commission:

This is a type of commission only plan. Employees are provided with a pay advance at the beginning of each pay period, which acts like a form of base pay. At the end of the pay period, this amount is deducted from the commission the employee has generated. It operates as a form of a cash

advance. The main issue with this plan is employees could actually owe money if they don't sell enough.

8. Bonus:

Remuneration to salesmen consists of fixed salary/commission and bonus. Note that bonus is different than commission. Bonus is paid over and above the usual salary paid to salesmen. It is paid for achieving certain results beyond specific limit. Commission is paid on the basis of volume of sales while bonus is paid for fulfilling a certain sale quota. Note that bonus is not as powerful as commission. Generally, bonus is paid for following activities:

- Bonus is paid for performing certain promotional activities.
- Achieving extraordinary sales volume.
- Obtaining certain number of new customers.
- Cutting down selling expenses etc.

6.2 SALES ORGANIZATION

In the words of C. L. Boiling, "A good sales organisation is one where functions of departments have been carefully planned and coordinated towards the objective of pulling the product in the hands of the customers, the whole effort being efficiently supervised and managed so that each functions is carried out in the desired manner."

In the words of H. R. Tosdal, "A sales organisation consists of human beings working together for the marketing of products manufactured by the firm or the commodities which have been purchased for resale."

In the words of Stiff, Cundiff and Govoni, "Sales organisation is both an orienting point for cooperative endeavour and a structure of human relationships. It is composed of the group of individuals, striving jointly to reach qualitative and quantitative personal selling objectives and bearing both informal and formal relations to one another."

6.2.1 Objectives of Sales Organizations:

Sales objectives are used by management to supplement the vision and goals they have set for the company and sales department. The sales objectives outline the specific, measurable actions each employee must take to achieve the overall goal.

For example, let's say the sales team has a goal of increasing revenue over the next six months. To reach this goal, each salesperson's objective is to increase the amount of revenue they bring each month by 2%.

"The object of sales organisation is not merely to sell goods to distributors but to get them consumed or get them into use". The responsibility of the manager, therefore, extends much beyond the selling of goods.

1. Development of Specialist:

Sales organization facilitates development of specialist. As a business expands, marketing and selling activities multiply and become increasingly Complex. One objective of recognizing the sales department is to facilitate the assignment of responsibilities and delegation of authority. This requires reshaping the structure so that it is easier for specialists to develop.

2. Defining Authority:

A sales organization help in defining the various types of authority. Sales executives should know whether their authorities are line, staff, or functional. Line authority is the power to execute orders. Staff authority is the power to suggest. Functional authority enables specialists in particular areas. Salespeople receive directions from several resources. All sales officers should understand the nature of their authority with respect to each aspect of the operation.

3. Concentrate on Core Functions:

Sales organization enable top management to focus on core functions. As a sales department's operations and activities increase, additional subordinates are added. This permits top sales executives to delegate more authority. It also allows for the more effective use of specialization. This helps executives devote less time to routine operations and more on planning.

4. Demand Creation:

Sales organization help firm in creation of demand of product in the market. The demand of the product is created to lead to sell in the market. When a product is manufactured in the factory, it is not sold automatically. Salespersons push the product to consumers. But even they cannot force the consumer to buy the product. The sale depends on the consumer's need and perception. This need is created by the selling skills, promotions through advertisements, etc., which in turn help in creating demand in market.

5. Fulfillment of Received Order:

This is an important function of sales organization where the salesperson has to answer the calls and queries of the customers, receive orders and make the product ready as per the demand of consumers. Finally, the products are packed and dispatched as per the expectation of consumer; all these are imperative and effective tasks.

6. Credit Recovery:

Sales cannot always be done for cash. Bulk sales are made on credit. It's very difficult for an organization to perform only on the basis of cash sales; in this competitive market, credit sales play a crucial role. After the credit sales have been done, the organization has to collect dues. It is a

very challenging task as the salesperson has to retain the business and still get the task done.

7. Personnel Management:

Every sales organization wants best sales personnel to enhance the sales. This depends on training. The sales organization has to select, train, motivate, monitor and control its sales personnel. Here the company has to make an investment in sales personal.

8. Lead Conversion:

Sales organization facilitates in lead conversion. Sales organization bridge the gap between customer needs and the product that fulfils that need. The job of the sales organization is to close the deal by introducing further information and helping the customer in buying decision. This is often an attractive aspect for customers, as they may view the sales organization as the expert, which builds credibility and therefore trust.

9. Customer Retention:

Sales organization help in customer retention. Excellent sale organization are those that not only make the sale but create a long-lasting impact on the customer. Long term customer relationships lead to repeat custom, referrals and increase the brand's reputation by word of mouth. One of the keys to customer retention through sales is to perform sales follow-ups. Setting up after-sales calls or meetings is an effective way to maintain and build a positive relationship and gives the customer an opportunity to feedback their experience of the product or service.

10. Business Growth:

Sales organization play a key role in the building of loyalty and trust between customer and business. Trust and loyalty are the main reasons why a customer would choose to recommend company to a friend or family member or write a great review of product or service online. In the digital age, they are extremely influential, due to the reach and power of social media and online media. During sales interactions, encouraging the customer to recommend a friend or give positive feedback can have an impact on the growth of the business through increased brand awareness and sales.

6.2.2 Structure of Sales Organizations:

1. Geography or Territory Organization Structure:

This is basic and most common form of sales organization structure in which sales department is divided on the basis of geography or territory. It allows each sales person to develop familiarity with a specific geographic location. They can build rapport with local businesses, get to know regional competitors and track target accounts etc. It can be easier for company to evaluate sales representative by taking into account the performance and market potential of a specific geographical location.

2. Product and Service Line Organization:

This organization structure is suitable for a company dealing in multiple products or services. The sales representatives are aligned for a particular product or service. Similar to geographical expertise, it allows a sales representative to become the expert on a specific product, thereby being better able to communicate its value and use case for individual clients.

3. Customer or Account Size Organization:

The organizing sales department on the basis of customer or account size is another popular structure. In this structure, a sales representative is assigned a particular customer, mostly a corporate or business house, on the basis of their size. These business houses may have different goals, will ask different questions, and have very different budgets. By allowing a sales representative to become familiar with the intricacies of these accounts, the organization can meet the needs of the customer and sales representative. This sales structure is ideal for Business-to-Business transactions.

4. Industry or Vertical Organization:

The different industries use the same products in different manners. For instance, the simple computer can be put to use for different activities and purposes. In this structure, sales representatives are well trained to position the products or services as per the needs of the particular industry. It helps in developing expertise of sales people about a particular industry, their trends, eco-systems etc.

5. Assembly Line Structure:

The Assembly Line is named for its linear structure and specialized process that divides the sales process of an organization. Each step of the line is a specific job associated with the sales cycle, with people who specialize in each sales task. Usually, these assignments are divided into the following areas:

- **Lead Generation Team:** People on the Lead Generation Team research potential prospects, gather information around their needs and pain points, and then organize the data for the team to optimize prospecting for the department.
- **Sales Development Team:** Employees that concentrate on sales development take the initial research forwarded from the Lead Generation Team and qualify prospects. Qualifying the prospects could include calling the lead in addition to research. The Sales Development Team forwards only the qualified leads to the accounts team.
- **Account Executive Team:** The Account Executives are the closers. They take the qualified leads and pursue the sale. From product demonstrations, responding to prospects' questions and overcoming objections, these employees sign the account and pass them along to the onboarding crew.

- **Customer Success or Support Team:** This part of the team specializes in helping customers settle into the new product or service. Their job is to keep customers happy, educate customers on the value the product or service provides, and uncover new opportunities to deepen the relationship.

6. The Island:

The Island gets its name because each sales representative is on their own in the sales process. Unlike the Assembly Line style, the sales representative is responsible for all of the tasks associated with the sales cycle, from generating and qualifying leads, to closing the business and identifying upselling opportunities. Some joke this sales team structure is called the island because the sales representative must sell or die. When it comes to the Island sales team structure model, it works for any company that still relies on its founder as the primary salesperson. Additionally, the Island works for organizations that cannot afford to hire more than a handful of sales representatives for their sales team.

7. The Pod:

In this structure, small groups of sales professionals that specialize in certain sales process tasks work together to achieve sales goals. Each pod usually includes employees that generate leads, qualify leads, close business, and onboard new customers. The Pod sales model mixes the concepts behind both the Assembly Line and Island sales team structure models; the specialization of sales tasks comes from the Assembly Line, but the individual achievement of the pod takes after the Island sales structure. Pod Sales is a natural progression for organizations that employ the Assembly Line style of sales structure. It also works well when the sales team is enormous already, or the organization has the resources to hire a larger staff to concentrate on sales.

8. Decentralized Team Structure:

Decentralized Team Structures have sales team members posted at various locations at strategic points. These posts could be regional, state-wide or national. All of the team members are focused on sales for their strategic area. Decentralized teams increase the reach of the organization. Also, clients often enjoy excellent customer service. In addition, sales representative enjoy freedom to work the way they want and with fewer hours spent travelling. In addition, the organization reduces travel costs while increasing sales with a local presence.

9. Centralized Team Structure:

Centralized Team Structures keep the sales team in one place and usually are run by one person who makes the decisions. This type of structure often has the owner at the center of the team. Centralized Teams often excel at making decisions quickly because the decision maker is present. Also, centralized teams are usually better for organizations where the owner is still intimately involved in operations and wants a more focused

vision. Organizations with a centralized structure also reduce conflict while maintaining control of their organization. This is because structure reduces any ambiguity, which boosts accountability for the results.

10. Committee Sales Organization:

The committee is never the sole basis for organizing a sales department. It is a method of organizing the executive group for planning and policy formulation; while leaving implementation of plans and policies to individual executives. The committees usually found in sales organizations include training committee, customer relations committee, personnel and merchandising committees, committee on new products, etc.

6.2.3 Steps in developing Sales Organization:

A sales organisation is an organisation of individuals either working together for the marketing of products and services manufactured by an enterprise or for products that are procured by the firm for the purpose of reselling.

1. Define Objectives:

The first step is to define the sales department's objectives. Top management defines the long-term objectives for the company, and from these, the objectives for the sales department are derived.

Top management, for instance, may want the firm not only to survive but to achieve industry leadership, develop a reputation for outstanding technical research, diversify its product lines, provide excellent service to customers, furnish investors with a generous return, establish an image of public responsibility, and so on.

From such composites, sales management determines the implications for the sales department and articulates a set of qualitative personal selling objectives. Three of the sales Department's general objectives, all traceable to management's desire for survival of the firm may be summed up in three words: sales, profits, and growth.

2. Determination of Activities:

Determining the necessary activities and their volume of performance is a matter of analyzing the sales department's qualitative and quantitative objectives. The activities involved in modern sales management are similar from firm to firm, and although individual sales executives think that their operations are different, most differences are more apparent than real.

3. Grouping of Activities:

The activities are classified and grouped so that closely related tasks assigned to the same position. Each position should contain not only a

sufficient number of tasks but sufficient variation to provide for job challenge, interest, and involvement.

Certain activities are of crucial importance to the success of the sales department, and this has implications for organizational design. For example, in a highly competitive field, product merchandising and pricing are assigned to position high up in the organizational structure and activities of lesser importance are assigned to lower-level jobs.

4. Assignment of Personnel:

The next step is to assign personnel to the positions. This brings up the question of whether to recruit special individuals to fill the positions or to modify the positions to fit the capabilities of available personnel.

On the one hand, some position requirements are sufficiently general that many individuals possess the necessary qualifications, or can acquire them through training. On the other hand, some individuals possess such unique talents and abilities that it is prudent and profitable to modify the job specifications to fit them. Nevertheless, planners prefer, whenever the situation permits, to have individuals grow into particular jobs rather than to have jobs grow up around individuals.

5. Coordination and Control:

Sales executives who have others reporting to them require means to control their subordinates and to coordinate their efforts. They should not be so overburdened with detailed and undelegated responsibilities that they have insufficient time for coordination. Nor should they have too many subordinates reporting directly to them. This weakens the quality of control and prevents the discharge of other duties. Thus, in providing for coordination and control, consideration must be given the span of executive control.

6.3 SUMMARY

Sales training is a process by which an attempt is made to develop the selling skills so as to increase the ability, knowledge and experience of the salesmen. Sales managers can motivate their team by following any of the theories of motivation, namely, Maslow's hierarchy of needs theory, Herzberg's two-factor theory, goal-setting theory, expectancy theory, and job design theories.

Sales organization is both an orienting point for cooperative endeavor and a structure of human relationships. It is composed of the group of individuals, striving jointly to reach qualitative and quantitative personal selling objectives and bearing both informal and formal relations to one another.

6.4 EXERCISE

Fill in Blanks

1. _____ involves the personal development of skills and techniques of sales personnel.
a) Sales training b) Production training
c) Finance training d) Operation training
2. _____ is a written description about a real life or hypothetical selling situation or a sales problem that is discussed in a classroom.
a) Case study b) Lecture method
c) Conference method d) Counselling method
3. _____ is the combination of base salary, commission, and incentives.
a) Sales compensation b) Remuneration
c) Bonus d) Dear allowance
4. A _____ is an organisation of individuals either working together for the marketing of products and services manufactured by an enterprise.
a) Sales organization b) Finance organization
c) Digital organization d) Virtual organization
5. _____ Team Structures keep the sales team in one place and usually are run by one person who makes the decisions.
a) Centralized b) Pod
c) Island d) Committee

Answers:

1. Sales training
2. Case study
3. Sales compensation
4. Sales organization
5. Centralized

Match the Column:

Column A	Column B
1. Audio-visual oriented training	A. Compensation method of sales personnel
2. Straight salary	B. Based on geography or territory
3. Credit recovery	C. Demonstration of films, PPT, video etc.
4. Territory organization structure	D. small group of skilled sale professionals
5. The Pod organization structure	E. Objectives of sales organization

Answers:

1. C, 2. A, 3. E, 4. B, 5. D

True or False

1. Conference method gives opportunity for an all-round discussion veering around specific products or services that sales trainees will sell in future.
2. Commission only a popular and widely practiced method or plan to remunerate sales force.
3. Bonus is paid over and above the usual salary paid to salesmen.
4. Decentralized Team Structures have sales team members posted at various locations at strategic points.
5. Sales organization help in customer retention.

Answers:

1. True 2. False 3. True 4. True 5. True

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SALES PLANNING AND CONTROLLING - I

Unit Structure

- 7.0 Objective
- 7.1 Introduction
- 7.2 Sales planning
- 7.3 Sales Controlling
- 7.4 Summary
- 7.5 Exercise
- 7.6 References

7.0 OBJECTIVES

- Know about sales planning and importance of sales forecasting
- Learn about different sales forecasting methods and its limitations
- Understand the concept of sales controlling
- Learn about Sales controlling tools: Sales Budget, Sales Audit, Sales Quotas

7.1 INTRODUCTION

The purpose of any business is profit maximization. To maximize profit, organization is required to work in a systematic manner. In order to work in systematic manner companies are having different departments which are outcome of division of labour. In organization there are finance, HR and Administration, Marketing, Manufacturing or operations and now a days separate IT department are there. Production of goods and selling of goods are major concerns in organizations and all other departments are supporting departments. In order to survive in market competition entrepreneurs, follow management process perspectives that is planning organizing staffing leading and controlling. In organization there is marketing department to market product and to maximize the sales. In olden days there is only sales department which took care of selling goods in the market but now scenario has changed now in order to survive in the competitive environment firms need to undertake advertising, sales promotion, customer relationship management, pricing and market research etc. in addition to sales management.

Let us first try to understand the concept of Sales Management in brief. The term Sales Management was defined as "Planning, Direction, and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating the sales force." The Sales Management is responsible for organizing the sales process,

both within and outside the companies. Inside the organization, it builds an informal organization structure which ensures effective communication not only inside the sales department but also in its relations with other organizational units. And outside the company, the Sales Management has to service as the company's representatives with the customers and other external organizations. Apart from the responsibilities listed above, the Sales Management is responsible for some other important functions too. Some of these functions are important in making some key marketing decisions such as budgeting, deciding the objective, sales force size, territories etc. While performing all these important tasks of sales effort management and personal selling effort, the Sales Managers have to plan.

7.2 SALES PLANNING

Sales plan is very vital for any organization and others plans of organizations are depends upon the success of sales plan. It is the hub around which the entire operations of the company work.

A sales plan is a business plan which states the development of the company's sales activity with set objectives within a particular time frame.

In other words, it's a strategic plan which specifies sales goals, tactics, challenges, target market and steps you will take to execute the plan.

Success of sales plan will generate revenue for company that's why it is very important to prepare it after proper market and product research. This will decide the overall Survival and Success of the organization. Following are the steps involved in preparation of sales -



Sales Planning Process

7.2.1 Sales Planning Process:

1. State Organization Mission:

It is first step in developing a sales plan. It is important to design sales plan by keeping in mind organization's mission. Organization mission is purpose and objective of the organization and approach to reach the same. Sales plan should consider the market position of organization, its geographical reach, brand value of the organization before making sales plan.

2. Frame Objectives and time duration:

Next step in the process of sales plan is framing of company's objectives and time duration. By keeping in mind company's mission, it is important to frame long term and short term objectives for sales. It is important to set time duration to achieve that objective can be weekly, Monthly, quarterly, yearly etc.

3. Forecast and strategies:

After framing objectives for sales plan, it is important to forecast or estimate future results. After studying past records and authentic market research sales manager will forecast the future results. On the basis of forecast sales manager needs to make strategies to achieve required results. This includes:

a. Selection of team:

Sales manager need to select team members who will achieve desired sales plan. Selected team will work on sales plan. Selection should be based on qualifications and experience of employees. For success of sales plan, it is important to select good personnel and train them time to time.

b. Allotment of Resources:

When forecast and sales team is ready now its time to make allocation of resources. Every company has its own assets and sources of finance according to that sales plan should formulated. One has to see to it that how many sales employees and expertise required, how much budget and sources of fund available, what other tools like computers, marketing tools, phones cars etc. will be require to execute sales plan.

c. Budget:

In allotment of resources step we are aware about resources required for success of sales plan. Now in this stage final actual budget is prepared by taking into consideration both income and expenses perspectives. Some of the expenses that are the part of sales plan budget includes salaries commissions, Sales promotion costs, training, travel, printing costs, hiring costs etc. against fund available and expected profit which ultimately determines budget.

4. Target Market and Competitor's Study:

After selection of team members for achievement of sales plan it is important to define target market on which sales team will work. Target market includes Geographical area, target customers in terms of gender, income, economic status etc. For example, if your company is dealing with beauty products then your target market is women customers and if your company is based in Maharashtra and currently operating in Maharashtra your target market is Maharashtra. Likewise fixing target market as per company's reach and product features is very important step in process of sales plan.

After evaluating company's own resources and fund now it is important to understand competition in the market. In this competitor's study it is important to study our own company's competitive advantages over competitors as well as weakness over competitors. Competitive advantages can be innovative product, free delivery, after sales service, convenient locations etc. Study of market competition is very important for success of sales plan.

5. Implementation of Strategy:

This is step which implies pricing and promotions. It is not final step. Here company actually perform promotional activities can change as per market situation. In this stage company also finalize the price of product and how it will launch. After forecast and target market implementation is very crucial stage in sales planning because even if we forecast & budget the desired outcome but it can vary in actual market. Market is very dynamic how customer will accept product is difficult to predict. Sales manager will face challenges in this stage.

6. Check Result:

In this step of sales planning company examines sales results. It means sales manager will compare actual outcome with targeted outcome. Territory- wise sales will also measure for accuracy. Competitor's sales will also examine and gets recorded for future strategy.

7. Sales record examination:

In this step company will analyze sales record to know whether our sales plan is succeed or not. In this examination company will analyze present sales result of organization with past records as well as with competitors sales results. This study will helpful to know what you did is right and what went wrong. Here company will appreciate good results and provides training to eliminate bad results.

8. Preparation of Action Plan:

This is final step in sales planning process in which company will prepare action plan to eliminate the mistakes in sales plan. It may include training

sessions to existing sales personnel, Recruitment of experienced sales team, outsource market research work to experience firm, increase the analysis of market conditions and competitors strategies.

Here there is no single plan that can fit your company perfectly. There will be hurdles along the way, and you can always mold the shape of your sales plan until you start seeing favourable results. Take your time to identify opportunities and ways to overcome challenges.

7.2.2 Sales Forecasting:

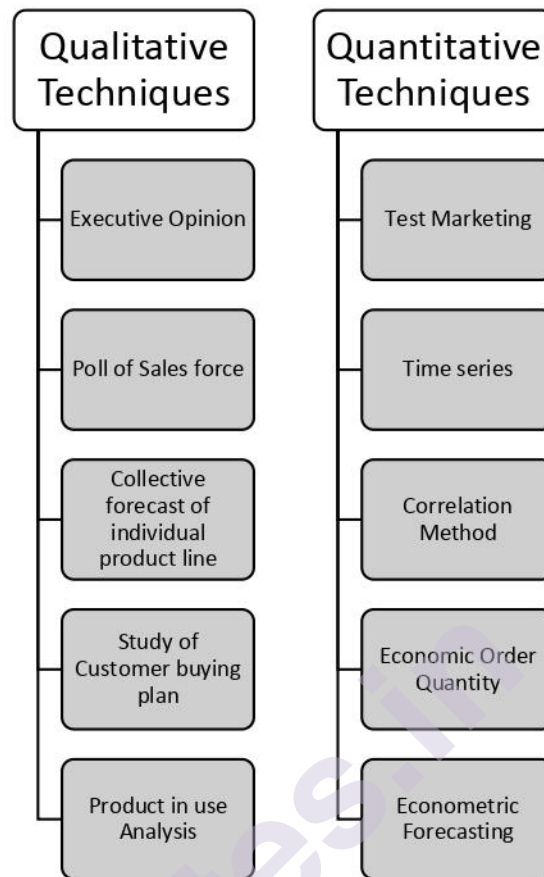
Wealth Maximization is main focus of every business. Money comes into business through sales for most of the companies. So sales forecast is logically a starting point in planning process of any business. Sales forecast is acts as a guiding path for sales manager and sales force. It is very useful technique for the success of business. Accurate and timely forecast can make difference it either result into profit or loss. Sales forecast is generally timely either for short term (less than year) or for long term (Over one year). By keeping in mind market uncertainty, it is important to update sales forecast periodically.

Sales forecast is estimation of number of products to be sold in a given period of time. A sales forecast is based on systematic research and study of internal factors such as Product, price, services and quality etc and external factors such as competitors, customers, weather conditions, government laws and regulations etc. Sales forecast is not accurate it changes as per market condition. Company needs to change sales plan time to time for better result. Sales forecast is estimation for either for quarterly, 6 monthly, yearly or for more than year.

The American Marketing Association has defined Sales forecast as “ an estimate of sales, in dollars or physical units for specified future period under a proposed sales plan or programme and under an assumed set of economic and other forces outside the unit for which the forecast is made.”

7.2.3 Sales Forecasting Methods:

Various sales forecasting techniques are available to sales manager. It is always better that sales manager should use more than one technique for sales forecast as no single technique is perfectly accurate. It is better to use two or more techniques simultaneously for cross verification. Sales forecasting technique includes qualitative and quantitative perspectives.



A) Qualitative methods for Sales forecasting:

1. Executive Opinion:

It is very old method of sales forecast. In this method group of experienced executives from different departments are selected and asked for opinion about company future sales. On the basis of market data and their experience they forecast future sales of the organization. Selected executives are responsible for forecasting sales. That's why all internal and external factors are take into consideration for sales forecast. In this method simply estimation and judgements of selected executive pooled together and come up with sales forecast figure.

2. Poll of sales force:

In this method instead of experienced executive actual sales force is involved in sales forecast. Here all salesman gives their estimates about their territories for given period. Salesmen are close to the customers and they know their territory completely that more accurate sales forecast can be possible.

3. Collective forecast of individual product line:

This method is useful to company with multiple product lines. In this method executives and salesforce gives their sales forecast of each product separately after examining each products performance.

An example of the Product-wise Sales Forecast for a company having 6 products can be as follows:

Company XYZ

Product wise sales forecasting for financial year 2021-22

Sr. No	Product	Unit wise Sales plan	Value per unit (in Rs.)	Total sales value (in Rs)
1	A	10000	100	1,000,000
2	B	20000	50	1,000,000
3	C	15000	75	1,125,000
4	D	25000	60	1,500,000
5	E	30000	70	2,100,000
6	F	35000	80	2,800,000
			Rs	9,525,000

In above product wise sales forecast, performance of products A,B,C,D,E,F is estimated unit wise or in quantities and total sales value for the year. Once this Product-wise Sales forecast is acceptable to the Top Management, the same can be divided into regional, area-wise and territory-wise sales planning.

4. Study of customer buying plans:

This is method of sales forecasting which is suitable for products with limited customers. This method is generally use for industrial goods or for any costly luxurious goods which has limited buyers. Producer generally sells goods directly to final customer. In this method face to face customer survey is done and get the information. This is because customers buying behavior and preferences changes frequently.

5. Product in use Analysis:

In this method Sales forecasting is based on performance of similar product in the market or the product which is actually in use. For example, if company wants to launch Air conditioner, then they will study the performance of other Air conditioners in market and predict sales of their AC. It is like competitors' study for sales forecasting.

B. Quantitative methods of Sales forecasting:

1. Test Marketing:

It is popular method of measuring consumer acceptance of the new product. The results from test market are used for prediction of future sales. In first approach of this method the product is made available in limited area can be in any retail outlet through small advertising campaign. The performance of product is measured through customer research then company go for national launch. Here simulative future market is done in limited market and then on performance of product future sales is

estimated. In another perspective company selects two market one is test market where product is marketed without any promotion efforts in limited area. A similar market is selected which is termed as control market where products are sold with promotional campaign in limited area. Performance of product in both markets are measured and predict future sales.

2. Time series method:

It is also called as historical data method. In this method it is assumed that past pattern of sales will continue in future. Past sales are generally used as base for future sales predictions. Simple formula to find out sales forecast on the basis of time series is

$$\text{Next year sales} = \frac{\text{This year's sales}}{\text{Last year's sales}} \times \text{This year's sales}$$

This method is simple and easy to apply the sales predictions are arrived relatively fast as compared to other methods. But main disadvantage of this method is only past data is taken as a base to predict future sales but no other market factors are taken into consideration. Market is very uncertain customer preferences, competitors' strategy a new product development can happen any time. So, sales forecast derived from this method can be wrong if market condition changes.

3. Correlation method:

Correlation describes the relationship between variables. Changes in external environment can be positively and negatively correlated with firms' sales. It will help in measuring future sales of the company. Basically, this correlation method studies the impact of various market factors on company's sales.

4. Economic order quantity:

The economic order quantity is method of inventory control. This method tells about when and how much to order by taking into consideration financial costs. Inventory carries cost. Finance department is forcing to reduce quantity of products in inventory. Whereas sales department is more interested in sufficient inventory in stock by keeping in mind any unexpected demand. To resolve the conflict between these two departments company uses EOQ method.

Formula for EOQ:

$$\text{EOQ} = \frac{\sqrt{2 (R \times S)}}{P \times 1}$$

EOQ = Economic order Quantity

R = Requirement of the product in given period

S = Purchasing cost per order

P = price paid per unit

I = Percent of Annual Inventory carrying charges

This provides the sales manager with an understanding of how much of the product is in supply and how long it will take for delivery. This help in prediction of sales and availability of inventory for sale. This will avoid out of stock situation.

5. Econometric Forecasting:

This method of sales forecasting is used by companies of consumer durable products like TV, Washing Machine, fans etc.

Formula:

$$S = R + N$$

S = Total sales

R = Replacement Demand

N = New Owner Demand

There are two main components of the total sales of the firm in this method such as

1. Replacement or scrapped demand:

It refers to the demand that was created for another product due to replacement of one item customer from the product line. This demand is derived after counting number of scrapped units of the product.

2. New Owner demand:

It is the demand for goods that may be added with the existing stock of the customers.

So this approach uses mathematical formula in the form of equation to examine relationship between demand determining uncontrollable factors and sales.

7.2.4 Limitations of Sales Forecasting:

Sales forecast is not always accurate because it gets influence by many internal and external factors in uncertain market. The main limitations of sales forecasting are as follows:

1. Inadequate historical data:

Sales forecast is mainly depending upon the past records and study. If this past records and market study is not accurate then there is possibility of wrong sales forecast. Inadequate and wrong data may result into incorrect future sales forecast.

2. Multiple market forces:

Sales forecast is based on historical data and market research but uncontrollable factors in market like government factors, legal factors, environmental factors, social & psychological factors affect the sales of the product. It is very difficult to predict these factors so accurate sales forecast is difficult to achieve.

3. Unpredictable consumer behaviour:

Even if sales forecast is conducted by experts and it is done after extensive market research and study but ultimate sale of the company is depending upon customers. If customers preferences have change or they have shift to competitor's product then sales forecast may fail.

4. Availability of substitutes:

Sales is influenced by the availability of substitutes. If plenty of substitutes are available then it becomes difficult to predict sales.

5. Higher cost:

Market research and statistical techniques are not used by small firms as it involves huge cost. Because of this sales forecast fails.

6. Influences of psychological factors:

Many psychological factors like customers buying motives, perception, attitude, values and lifestyle has direct impact on his buying decision. And it is very difficult to predict psychological factors because they are different for every individual. So sales forecast is not accurate.

7. Based on assumptions:

Sales forecast is based on assumptions which are not always correct that's why sales forecast is very difficult conduct which is not always accurate.

8. Technical Development:

Rapid technical advancement affects production , quality of product, customer preferences, market demand and competition so it is difficult to make accurate sales forecast.

9. Dynamic business environment:

Business environment is dynamic and flexible. It changes every minute so it is difficult to derived accurate sales forecast.

10. Mathematical complexity:

Many statistical techniques for forecasting are complex and difficult to understand. Lack of training and understanding errors can be incurred. So, it is difficult to predict sales.

No single method of sales forecast is perfect. A combination of 2 or 3 methods will give most likely accurate sales forecast.

7.3 SALES CONTROLLING

Sales control is an integral part of the sales management. Whatever company has planned in sales planning process sales control will have an eye on sales activities so that things should be happened in reality as per plan.

Sales controlling is necessary for follow up for planning. Sales controlling is the main responsibility of the sales manager. This controlling will analysis how why and when things went wrong on time to time and suggest necessary steps to correct mistakes. Sales controlling is very important function of sales management which enable sales targets and profit maximisation by coordinating different Sales functions.

Objectives of sales Control:

If organization designs sales control tools perfectly then it will increase the possibility of sales target accomplishment and profit maximization smoothly. The objective of sales control is keep track of company's sales efforts compare it with target and then take necessary action. It makes sales planning more meaningful.

Objectives of sales control:

1. Examination of sales performance:

Main objective of sales control is measurement of sales performance by sales force in given territories. All assessment should lead to necessary feedback. If achievement is beyond target, then reward, is must. But performance is below the standard set then necessary training is required for improvement.

2. Control Negative performance:

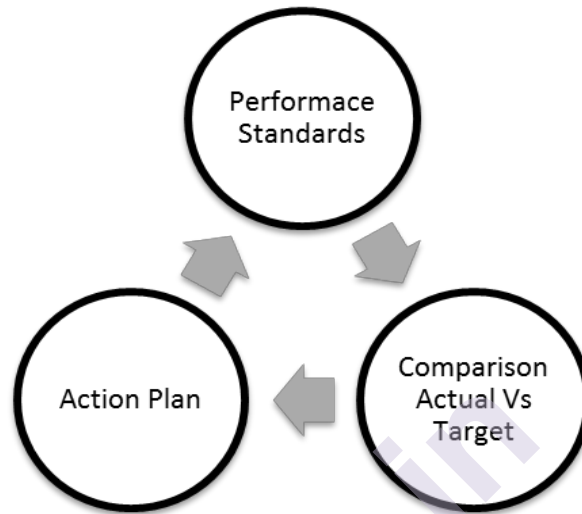
Another objective of sales control is to identify negative factors of sales performance. Proper feedback system should be developed for smooth and timely reports. Tight control is very important for fair performance by sales person. Continuous feedback from salesman territory wise, product wise region wise is important for corrective actions.

3. Identify future opportunities:

Identification of new opportunities for profit maximisation in future is also one of important objective of sales control. During the process of sales

controlling sales person can identify new product introduction opportunity or introduction of varieties in the same product opportunity before competitors. After verification company should consider this opportunity for sales and profit maximization

Sales controlling process



It is simple process of sales controlling. First company set target that is sales plan then in second step comparison between what is planned and what is actually achieved and lastly corrective action taken. If Actual is more than target then company will provide rewards to sales personnel if Actuals are less than target then there is need of training and change of strategy. There are various sales controlling tools available like Sales Budget, Sales Audit, Sales Quotas and Sales Territory etc.

7.3.1 Concept of Sales Budget:

The sales budget, a type of operating budget, is a forecast of the expected units a company intends to sell over a period of time and the revenue it should generate from it. It is the basis for preparing the income statement for the business. The management prepares a sales budget based on its business environment, overall economic condition, the intensity of competition in the market, production capacity, available funds, etc. It is instrument which sales manager uses to project the profit by forecasting the revenues and expenses of the firm. Sales budget is income and expenses statement where income side will talk about estimated profits and gains and expenses side will talk about money involved in distribution of goods, promotional efforts and manpower for selling for period of time.

A sales budget acts as a yardstick for evaluating the company's performance. It serves as a reminder to meet the plans and targets. Also, if the company's actual performance is not on par with the budgeted figures, the company can take corrective action in time. The sales budget is the base on which other budgets are prepared in an organization. Hence, it should be prepared with the utmost care and precision. For example, the sales budget will help prepare the production budget as production will depend on the planned sales quantity. Similarly, budgets such as the

purchase budget or budget for the HR department will be directly dependent on the quantity the company intends to sell. In case the sales budget forecasts fail to meet expectations, it can be disastrous for the company. This will be so when it has made purchases accordingly or hired extra manpower to meet the sales figures. In the opposite case, with low budgetary forecasts, the company will face a shortage of materials and manpower, which will lead to a loss of sales opportunities.

Steps involved in preparation of Sales Budget:

1. Market conditions Analysis:

First step in making sales budget is analysis of market trends, economic conditions, seasonal fluctuation in demand, competitors' strategy, new products in market and customer preferences etc. In this analysis company should analyses both current market scenario as well as past experiences.

2. Identification of problems and opportunities:

After study of market conditions in past as well as in present sales manager will able to identify problems in the market which is result of actual sales is less than targeted sales. On the other side sales manager will find opportunities where either targeted sales = actual sales or actual sales are more than targeted sales. The sales management must provide necessary aid to meet such problems and challenges.

3. Development of sales forecast:

After identifying problems and challenges the next step is to forecast sales for next budgeted period by avoiding previous year mistakes and weakness experienced in market. Combination of two or three sales forecasting techniques is important to use for more accuracy. Sales forecast is very important for sales budgeting because it determines not only the sales revenue but also money involve in promotional and manpower efforts.

4. Formation of sales objectives:

Once sales forecast is ready sales force is required to get target or objectives as per their territories and expertise. On the basis of market study and sales forecast sales objectives are formed.

5. Execution of sales tasks:

It is step in preparation of sales budget where objectives should be translated into activities. Sales management should carry various activities right from recruitment of experienced sales force to the evaluation of delivery and after sales service. Cost involved in all above activities are derived and then compare it with desired profit.

6. Resource Requirement:

Here sales manager will find out cost required to carry out various activities in implementing sales plan and achieve desired objectives.

7. Finalization of estimation:

Here sales objectives, tasks and resources are carefully reviewed. All expense side is examined properly and check on projected profits. Finalization of budget is done.

8. Presentation and Approval of budget:

As soon as budget of sales department is ready. It is presented to top management for approval.

9. Revision of Budget:

Top management will check sales budget, market conditions and resources available to achieve the same. Necessary changes suggested by top management to be made for approval.

10. Approval of Sales Budget:

It is final step of sales budget preparation. Top management approves budget and it ready for implementation.

7.3.2 Sales Audit:

A sales audit is evaluation of your sales process and identify corrective actions to achieve your desired objectives to help your business hit its revenue goals. It is systematic comprehensive study of entire sales operation functions. It studies all sales activities right from order received to customer feedback. It scrutinizes all selling activities, company sales policies, objectives, procedures and check whether they are fully work or not.

Company invests huge amount of money on its sales function. Because it generates Profit. Sales audit is important to carry so that company will able to examine profit against investment. More specifically sales audit is a systematic, critical and unbiased review and appraisal of sales objectives and policies of selling function and of the organization, methods, procedure and personnel employed to implement those policies and achieve organizational objectives.

Sales Audit comprises of:

1. Preparation of sales order:

It is prepared in three copies one is as invoice to finance department, one is as a delivery note to customer and one copy to store department for the goods taken from store for sale. All three copies should match with each other in terms of quantity and value.

2. Outward Register Entry:

When goods are dispatched from stores for sales it should entered in goods outward register.

1. Every day order receipt books to be checked against order delivery or outward book
2. Prices entered into invoices should match with sales order.

Likewise systematic sales audit is to uncover opportunities for improvement of sales function of the organization. Sales Audit is continuous process. It is standard procedure of entries in records. It is duty of sales audit to assure the fair sales accounts. Sales department data should match with finance department. Sales Audit is also helpful to prevention and detection fraud. For successful Sales Audit following points should take into consideration:

1. Sales ledger balances should be in control and update frequently. It should take care of credit notes, unpaid invoices, bad debts etc.
2. Terms of credit should be strictly monitored.
3. All miscellaneous adjustments in accounts like bad debts, allowances, returns, credit sales should be approved by responsible official.
4. Monthly statement should be made of all accounts regularly.
5. Discounts should be considered properly.
6. Inventories should be maintained properly. It should take into consideration returns, resale etc. with sales.
7. Inventory control should be there under centralized authority.
8. No good should go out and come in without written record.

All above efforts are very important for sales controlling.

7.3.3 Sales Quotas:

Sales quota is an effective and popular technique of sales controlling and helps in directing sales activities. Quota means a quantitative objective given to specific sales department or to a salesman. It is breakdown of total sales target into small unit wise or salesman targets.

Sales quotas are the sum of the total sales of a future period and duties to achieve the component of total sales by each salesperson are handed down to them at the beginning of the period.

According to Philip Kotler, 'A sales quota is the sales goal set for a product line, company division, or sales representative. It is primarily a managerial device for defining and stimulating sales efforts. So basically, it is a quantitative goal assigned to a specific marketing unit such as a salesperson or a territory for a time period. So, sales quota is a standardized method of evaluating the effectiveness and performance of salespeople.

Some other definitions:

In the words of Paul H. Nystrom, “A sales quota is that part of share of a company’s total estimate sales assigned to a salesman, a territory, a branch house, a distributor, a dealer or to some other selling unit, as a goal to be attained in a designated future period of time.”

In the words of Cundiff and Stiff, “Sales quota is a quantitative goal assigned to a specific marketing unit, such as to a salesman or territory.”

In the words of Stanton and Buskirk, “A sales quota is a sales performance goal. It is assigned to a marketing unit, a sales person, branch, middlemen or customer.”

Objectives of Sales Quota:

1. To provide quantitative sales targets:

The main purpose of setting sales quota is to provide quantitative sales targets to each salesman, territory and branch. It is in terms of units as well as in term od rupees. It is very easy method of performance appraisal of sales persons.

2. To motivate salesmen:

Quantitative targets will motivate salesmen to achieve target so that they will earn good incentives. Company frame sales target for each salesman very carefully which can be achievable otherwise target can demotivate individual.

3. Budgetary control:

Quantitative targets will also help the organization to have control over selling cost. Salesmen performance can also measure in terms of reduction of selling cost. Less selling cost by any salesmen, it will get appreciated.

4. Use in connection with sales contest:

Sales quota is important to evaluate the results of sales contests. Certain minimum sales quota is fixed for each salesman to be achieved, to ensure his participation in sales contests.

5. Estimation of future needs:

Sales quota is useful because it helps in estimating the future needs of every salesman, territory, branch or middlemen and also to estimate future requirements of sales-force, office employees and other requirements if any, in advance.

7.3.4 Methods of Sales quotas:

Companies set different types of sales quotas. The method of selecting the quota largely depends on the business practice, the design of the organization, and the level of competition in that industry. Broadly, quota

types include sales volume quota, sales budget quota, sales activity quota, and a combination quota.

1. Sales volume quota:

Most of the companies follow this method of quota setting. It is the most traditional and commonly used method in Indian organizations because this method provides an important standard for appraising the performance of individual salespeople, intermediaries, and branch. Example of Sales volume quota

	Sales quota	Actual Sales	Rupees difference	Unit wise Difference	Performance Index
Salesman					
A					
B					
C					

$$\text{Performance Index} = \text{Actual sales} / \text{Sales Quota} \times 100$$

The annual quota is set for the year and then they are broken into specific time periods such as quarters, months, and weeks. This is called the breakdown approach. Once the salesperson knows his annual target, he can plan out his targets for different periods.

1. Sales Budget quota:

These kinds of quotas are set for various units by the organization in order to control expenses, gross margins, and net profits. The overall intention of setting a budget quota is to make it clear to the salespeople that they are more of a responsibility Centre where the job includes not only obtaining the desired sales volume but also making good profit by controlling selling expenses.

	Sales person				
	A	B	C	D	E
Sales					
Cost of sales					
Gross Profit margin					
Expenses					
Salary					
Promotional expenses					
Travelling Expenses					
Other Expenses					
Net Profit Margin					

Salesperson receives an expense budget as a percentage of the territory sales volume and manages the expenses in rupee terms. Many companies set upper limits on items of expenses such as lodging, meals, and entertainment, and expect the salespeople to manage within that budget.

Profit quota can be set on gross margin or on net profits. Organizations emphasize net profits more than sales volume. The salesperson is asked to generate profitable sales rather than mere sales. Organizations set profit quota along with the sales volume quota because profits are necessary for surviving and excelling in business. The rationale behind this type of quota is that sales personnel operate more efficiency to reduce expenses and increase the sales resulting in increased margins and profits.

The salesperson is bound to achieve either the required gross margin or net profits while achieving sales quota. Gross margin quota is determined by subtracting the cost of goods sold from sales volume. Net profit margin will achieve after we subtract expenses incurred on sales from gross profit margin.

3. Sales Activity quota:

This type of quota is used to undertake time and motion studies and conduct work-studies for deciding on the optimum combination of activities for a salesperson. Activities quota set objectives for job-related duties, which help the salespeople in achieving their performance targets. Example of Sales Activity quota

	Number of calls	Number of order	Order / call Ratio	Actual Sales	Average Sales Person order	Total final customer
Sales Person						
A						
B						
C						

Here full concentration is on sales person activity like how many calls he has made then how many calls actually converted into order and finally in actual sales. Activity quota is not a basis for reward but an effective understanding of these activities helps the salesperson to understand why he could not achieve the sales quota set for him on the specified territory.

4. Combination quota:

Many organizations use a combination of these quotas. The most common combination is the sales volume and activity quota. Combination quota is used to control sales force performance on the basis of selling and non-selling activities.

7.3.5 Limitation of Sales quota:

1. Individual differences:

Ability of individuals may differ. While setting the sales quotas, differences in qualities, abilities, experience and positions among the salesmen are not considered suitable and, therefore, the sales quotas cannot be real.

2. Economic burden:

It needs to take the services of experts, market research and statistical techniques to set the sales quotas. All these requirements bring the expenses much higher. Many organizations are not in a position to meet higher expenses.

3. Complex techniques:

Certain institutions use complex techniques to set the sales quotas, and it will not be easier to understand the techniques as they are much complex and costly.

4. Emphasis on sales only:

Certain managers are of the view that sales quotas are only helpful to increase the sales and earn more profits, but this cannot be the only aim of business. They are of the view that selling of sales quotas is not so important to achieve more sales. Advertisement, publicity, sales promotion, etc. are much helpful in getting more sales and earning more profits.

5. No importance in sellers' market:

Where the demands are larger than supplies (sellers' market), there will be no difficulty in selling the product. The producers of such products do not give importance to set sales quotas.

6. Effects of various factors on sale:

It is not correct to say that increase in profits is due to the result of selling efforts, but various other factors such as price, quality, cost of production, demand and supply conditions, competition etc. also influence the quantum of profits.

7. Personal bias:

It is very difficult to set an accurate, unbiased and justified quota. It cannot be kept away from personal bias of managers.

8. Based on estimates:

Sales quotas are set on the basis of sales forecasts and therefore, the quotas will also remain as estimates.

9. Indifference towards other functions:

Many times, sales quotas prove impractical as the salesmen do not give attention to non-selling activities, such as searching of new customers, removing the objections of customers, collection of dues from customers, etc.

7.4 SUMMARY

Sales is very crucial function of Management as revenue of company is depends on it. Sales planning plays very important role. It is business plan deals with sales objectives or targets to be achieved. Sales forecasting is important in making sales plan. Sales forecasting is estimation of desired sales after market research and past data study. It is better to use more than one sales forecasting method simultaneously for better forecast. Sales forecast is not 100% correct but it acts as a guiding path for sales manager. Making planning is not enough it is important to execute and evaluate sales plan that is called as sales controlling. In sales controlling manager compares target with actual. Result will either success or failure. Success is always get appreciation but failure needs further training and improvements. For effective sales controlling company prepares sales budget which is not only focus on sales target but also selling expenses incurred on sales. It is important as this leads to cost control over sales. Another sales controlling tool is sales Audit it talks about proper documentation about sales right from order received till receiving customer feedback. This helps company to achieve its sales objectives. Sales Quota is another sales controlling technique in which quantitative targets are given to salesman and his performance is measure accordingly. This helps sales manager to control salesman and selling cost. All efforts are made by the company to achieve sales targets and generate revenue. Success of sales will determine the survival of company in the market.

7.5 EXERCISE

Q.1 Fill in the Blanks:

1. _____ is the old method of sales forecasting.
 - a) Correlation
 - b) Executive Opinion
 - c) Time Series
 - d) EOQ
2. _____ is one of the sales controlling tools.
 - a) Ledger
 - b) Sales Budget
 - c) Balance Sheet
 - d) Income statement
3. Sales quota can be derived by using _____ method.
 - a) Sales promotion
 - b) Sales volume quota
 - c) Sales Budget
 - d) Sales Estimation

4. _____ is a business plan which states the development of the company's sales activity with set objectives within a particular time frame.
- a) Production plan b) HR Plan
c) Sales Plan d) Financial Plan
5. _____ is a type of operating budget, is a forecast of the expected units a company intends to sell over a period of time and the revenue it should generate from it.
- a) Sales Audit b) Sales Plan
c) Sales Budget d) Sales Quotas

Q.2 Match The following:

A	B
Sales Controlling	Estimation of sales
Sales Audit	Evaluation of sales objectives
Sales Forecasting	Measurement of sales performance
Sales Quotas	Setting Objectives
Sales Planning	Sales Activity quota

Q.3 State true or false:

- 1) A sales audit is evaluation of your sales process and identify corrective actions to achieve your desired objectives to help your business hit its revenue goals
- 2) Measurement of sales performance is an objective of sales controlling.
- 3) Identification of geographical area is the first step in sales planning process.
- 4) Sales budget is a forecasting of expected sales of a product for certain period of time.
- 5) Sales quotas can be act as a demotivator to sales person

Q.4 Write Short Notes:

- 1) Sales Controlling
- 2) Sales Budget
- 3) Sales Audit
- 4) Types of sales quotas
- 5) Limitations of sales forecasting

Q.5 Answer the following:

- 1) What is sales control? Explain its objectives and also various steps in sales control process.
- 2) Outline and discuss the steps in the sales budgeting process.
- 3) What is sales plan? Explain the main steps followed in sales planning process.
- 4) What do you mean by sales forecasting? Explain methods of sales forecasting.
- 5) Define sales quotas and explain the objectives and limitations of sales quotas.

7.6 REFERENCES

- Advertising and sales Management - S Praveen
- Marketing Management – Philip Kotler

SALES PLANNING AND CONTROLLING - II

Unit Structure

- 8.0 Objective
- 8.1 Introduction
- 8.2 Sales Territory
- 8.3 Recent trends
- 8.4 Summary
- 8.5 Exercise
- 8.6 References

8.0 OBJECTIVES

- Understand the concept of sales territory and reasons for sales territory
- Learn factors determining sales territory and steps in designing sales territory
- Learn about importance of customer feedback, Concept of data mining with sales management and impact of IT on sales management

8.1 INTRODUCTION

When making sales to a wide audience, staying organized and having a system to manage customers is key. Distributing sales responsibilities into territories is a popular method for coordinating sales activities. If you manage a sales team, knowing how to divide sales territories supports your ability to serve customers and optimize your sales strategy. Other than sales efforts there are many things that makes your sales more successful and achievable that is customer feedback, data mining and information technology etc.

8.2 SALES TERRITORY

Sales territory is a designated geographical area or a group of customers which are assigned to a sales team or individuals in order to achieve allocated sales objectives and targets. This is where the sales teams would be spending their sales efforts. This sales territory is responsibility and accountability of that particular sales team. The sales team ensures that the sales in that area increase and meets sales targets every year.

Any company creates a territory based on geographic area, population demographics, sales potential etc. This territory is assigned to sales persons as their operating territory.

Why sales Territories?:

Sales Territories are established for achievement of organization goals. It is helpful for sales team for their performance because they know about who will look after which territory.

8.2.1 Reasons for Sales Territories or objectives of sales territory:

1. Systematic Market Coverage:

If company's target market is state of Maharashtra and if company will go for territory-wise sales plan then they will divide their sales team district wise and then city wise so that each will concentrate on given locations and company will be able to cover maximum potential market. Sales team will be able to customer follow up as desired.

2. Effective recruitment of sales team:

Company will choose local personnel for respective territory then sales person will be able to reach many customers as it is in his comfort zone. Company's customer reach will be maximum when we appoint local sales personnel.

3. Customer service:

Local sales person knows the problem, choices and preferences of customers from given territory. Well-designed territories will result into seller and buyer relationship which will result into customer satisfaction.

4. Growth in sales:

Sales territory will enable sales person to concentrate on given territory this will help him to increase selling efforts for growth in sales.

5. Reduce selling expenses:

Sales territory is assigned to sales person who is generally appointed by the company from same territory result of this travelling expenses are reduced. This will reduce total selling expenses of the company.

6. Interest and morale of the sales force:

When sales force works in the given territory they have reasonable and achievable targets that why they are enthusiastic and motivated to achieve sales target.

7. Controlling sales activities of sales force:

It is very easy to control sales activities of salesmen when sales territories are set. Sales person knows his territory very well. He is aware about problems and opportunities in sales territory. So sales person has better control on sales in his territory. At the same time company has better control over sales force and able to promote a better evaluation of sales person's and firm's performance.

8.2.2 Factors determining Sales Territory:

1. Geographic Location:

Very important factor in deciding sales territory is geographic location. Geographical location can be Countries, states, cities, Districts and several territories in big cities. If sales territory is small in size the sales person can personally visit customers and if it is big in size then sales person needs to call customers and have a track of it.

2. Sales potential:

Sales potential is another factor in determining territories. The number of potential customers within a particular area can determine the size of the territory.

3. Workload:

The number of customers and average size of sales will also important determinant of sales territory. The amount of time necessary to spend with the customer and number of customers are factors considered when determining the workload of the sales force.

8.2.3 Designing Sales territory:

In many organization territories are designed on the basis of personal skills and market conditions. These sales territory changes as per requirements. Dynamic market conditions forced companies to study and adjust their territories. Generally designing of sales territory is depends upon potential market and on workload assigned to each salesman.

There are main four steps in designing sales territory:

1. Selection of geographical location:

First step in designing sales territory is selection of geographical area. Company required to fix its target market first. If it is India whole country then divide territory in States, Districts, cities, villages and in each city ad village divide into nearby destinations. These division of location is also called as control units. Territory designing should be done after proper study of market research and staff availability.

2. Determining sales potential in control unit:

Here it is important to check potential of sales or possibility of sales in designed control units. Sales territory planner should identify the buyers of the product. After determining potential buyer the planner should check sales possibility or sales success in each control unit. Territory planner ascertains these control units with sufficient sales potentials to justify sales coverage.

3. Combining control units into tentative territories:

After measuring sales potential in each control unit and categorized which are to receive sales coverage the planner combines units into tentative sales territories. Here planner has to determine tentative sales territories without making any adjustment in coverage assuming that there are no special features of each tentative territory.

4. Adjustment in tentative territories and finalize sales territory:

Sales planner makes necessary changes into tentative sales territory as per characteristics of each tentative sales territory and salesmen expertise. After this company will finalize sales territory.

8.3 RECENT TRENDS

Other than market research and salesmen expertise there are other factors which are also important for success of sales that are receiving timely customer feedback, data mining techniques and use of Information technology in sales management etc.

8.3.1 Customer Feedback:

Customer feedback is marketing term which describes obtaining customer's opinion about a business, product or service. Customer feedback is very important which tells us customer's test, likes, dislikes, preferences about the product. It is more significant when company introduces new product in market. Through focus group method, in person method or customer phone survey method will give customer's opinion about the product or service to company. When company knows what customer exactly want then they make changes in product. Without customer feedback it is difficult to understand customer's needs and preferences about product and services.

Importance of Customer Feedback:

Customer feedback is very important because it provides marketers reactions of the customer about their products or services and overall customer experience. We shall discuss the importance of customer feedback as follows:

1. Improve Product or service:

Customer feedback is opinion of customer about product or service. From that opinion company can derived exact customer want and preferences. And then company can make necessary changes as per customer desires.

2. Measure customer satisfaction:

Customer feedback gives us information about the customer satisfaction. Customer opinion shows us their satisfaction level. So customer feedback is useful to measure customer satisfaction.

3. Customer Retention:

Customer feedback is useful to find loopholes in the product and service. When company come to know about it they make necessary changes and in the product and service. This will help company to retain customers.

4. Helps in decision making:

Customer feedback is very useful for company's top management to take decision about products as per customer preferences. This also give information about company's sales front or salesmen to company.

8.3.2 Methods of gathering customer feedback:

1. Email survey:

It is common method of collecting feedback from customers. It is cost effective method of customer feedback as here we can send feedback questionnaire link to many customers simultaneously.

2. Short message Service (SMS):

Similar to Email Survey SMS is also a better option for companies to collect customer feedback. It is little bit costly than email but very effective tool for collecting customer feedback. Here customer feedback form is sent to customers on their mobile number in the form of SMS.

3. Social Media:

Due to popularity of social media in all ages it is powerful tool for collecting customer feedback. Feedback can come in the form of likes and dislikes and sometimes in the form of comment.

4. Call centre:

By direct call to customers from call centre of the company and record it. It is another tool for collecting customer feedback.

5. Contact forms:

Contact forms are excellent way of collecting customer feedback. In this method feedback form is filled by customer and then sales manager reviews it. Sometimes company keep feedback register in the office for customer feedback record. Suggestion box is also available sometimes to collect customer feedback.

8.3.3 Data Mining:

Data mining is one of the most effective ways organizations can make sense of their data. This technique can be extremely valuable to streamline operations, build accurate sales forecasts, increase marketing ROI, provide valuable customer insights, and much more.

Data mining is the process of analyzing big amounts of data to find trends and patterns. It allows you to turn raw, unstructured data into

comprehensible insights about various areas of the business. These areas may include sales, marketing, operations, finance, and more.

Data mining can give you important insights that solve problems, reduce risks and costs, identify market opportunities, improve customer experience, and predict customer behaviours and preferences.

Data mining is defined as a process of discovering hidden valuable knowledge by analysing large amount of data which is stored in databases or data warehouse using various data mining techniques. Such as machine learning, Artificial intelligence and other statistical tools.

Data mining is interactive process that involves following steps:

1. Problem Identification:

Data mining project is start with the problem understanding. Data mining experts, business experts work together to design project objectives and requirement of the business.

2. Data Exploration:

Data mining experts identify useful data from pool of data. They understand the meaningful data. They collect, describe and explore data.

3. Data Preparation:

Data mining experts build data model for modelling process. They collect, cleanse and format data because mining function accept data only in certain format. It is stage where data is squeezed many times. Preparing data for modelling tool by selecting records, tables, attributes etc.

4. Modelling:

Data mining experts select and apply various mining functions because one can use different mining functions for the same type of data mining problem.

5. Evaluation:

Data mining experts evaluate the model. If the model does not satisfy their expectations, they go back to modelling phase rebuild the model by changing required parameters. When they are finally satisfied, they go for deployment.

6. Deployment:

Data mining experts use mining results by exporting the result into data base tables or in spread sheets. It helps the one to select the input data, explore the data transform the data and mine the data.

1. Association:

Association is one well known technique in which relation or pattern is discovered based on a relationship between items in the same transaction. The Association technique is used in market basket analysis to identify a set of products that customers frequently purchased together.

2. Classification:

Classification is used to classify each item in a set of data into one of a predefined set, classes and group. In classification data mining experts develop the software that can learn how to classify the data items into groups. For example If we access to all employee data we want to see employees recently left organization and employees who are going to leave organization. Then data will automatically gets segregated and classify from total employee data.

3. Clustering:

It is data mining technique that makes meaningful clusters of objects which have similar characteristics. For example, if in one library there are wide range of books on various topic available. The challenge is how to keep those books so that reader will easily access many books of required topic. By using clustering technique, we can keep similar books in one shelf and cluster for easy access. If reader want book on certain topic then he will directly go and access desired shelf.

Data mining and Sales Management:

Data mining has importance regarding finding the patterns forecasting discovery of knowledge etc. in different business domain. Data Mining techniques like Association, classification and clustering etc helps in finding the patterns to decide upon the future trends in businesses to grow. Data Mining is used in CRM (Customer relationship management). Data mining in CRM applications can contribute significantly to the bottom line. Data clustering can be used for automatically discovering the segments or groups within a customer data. We can also identify group of customers who are not profitable through data mining. This data mining technique is very beneficial to the company because they are maximising profit by focusing the selling efforts on specific group of customers without wasting time and resources. Businesses used data mining techniques to examine return on investment. Company can solve many business problems by data mining technology.

1. Provided the marketing team with the ability to predict the effectiveness of its campaign
2. It decreases mailing cost
3. It reduces conversation costs

4. Reduces telecommunication fraud
5. Saved money by detecting fraud
6. Reduced the frauds caused by middlemen and agents

Many retail shops, hospitals banks and insurance companies are using data mining techniques. Retail companies use data mining to identify customer behaviour buying patterns. Data mining can also be useful for human resource department in finding the characterises of their most successful employee.

8.3.4 Role of IT:

The role of IT in sales management is very simple; it's designed to make the life of you and your field sales team easier while increasing productivity and performance. Every piece of software from mobile CRM to ERP, email to Smartphone is built to serve that purpose. Information technology has become significant and integral part of business plan. From any Multinational corporation who maintain mainframe workplace system and database to small business with single computer IT plays important role.

Many business adopting new technologies to increase their reach to customers, profitability and competitive advantages to revamp the sales process. E-commerce is booming sector now a days. Right from order till delivery to customer all things are managed with help of information technology. The following are some technical tools organizations are using in their selling process.

1. Big Data:

Using big data tools sales organization can now manage prospecting a critical step in sales management that is finding potential customers with specific needs and wants. Earlier it was labour intensive process to identify prospective customers With the help of customer data models it is very easy to identify potential customers.

2. Social platform:

The explosion of social technology has given rise to many social media platforms for attracting new customers. Social media platforms provide opportunities to companies to shake hands with customers and engaged them in conversation about products and services. Unlike conventional sales social media platform makes it possible to shake hands with millions of customers across the world at a time. Quick customer feedback on social media platforms provides many improvement points to company for better product and services.

3. Sales force Automation:

Sales force Automation technology solutions automates many selling tasks and freeing up sales employees to focus on activities that generate sales

and revenue. Armed with huge customer data and quick customer feedback sales manager can take action and make adjustments quickly to optimise efforts.

4. Cloud based CRM:

Customer management systems are powerful tools designed to give organization a complete view of customer relationship by integrating marketing, sales and customer support. Traditional CRM system sales staff can use in office environment but this cloud-based CRM system enables sales person to access data from anywhere any time.

5. Mobile Technology:

Mobile devices like smart phone tablets have changed the aspects of selling process. Generally, everybody now a days have smartphone so for customers it is easy to research about product and service and then start buying process from phone itself. It provides customer feedback system as well as customer complaint system.

So Information technology the internet, electronic commerce (e - commerce) wireless and mobile technology have each had a major impact on salesforce productivity and management. Technology is really transforming the world of sales. Going forward only organizations that use powerful tools and technology such as big data, cloud-based CRM, mobile technology, social media etc in sales processes will remain profitable and competitive.

Through Data based reporting system sales management can view progress of sales team anywhere in the world. Management can make sales of new products and services. Customer can access the web from their offices, homes or remote internet locations at their convenience. It maximises comforts to the customers that ultimately results in sales and then Profit.

8.4 SUMMARY

This unit will talk about designing sales territory. Sales territory is geographical area assigned to each salesman as per his expertise. Sales territory is giving comfortable platform to salesman to achieve targets. Only selling efforts by salesman and market research is not enough for success of sales. In sales management recent trends like receiving customer feedback, data mining and use of IT (Information technology) increases chances of success of sales plan. Customer feedback is customers opinion about company's product. It is important to understand loopholes and make action plan for improvement. Data mining technique is pool of data. It helps salesman to find exact customer data he required for sales like territory- wise, gender wise, income wise customer data as and when required. Information technology is always beneficial to reduce workload on salesman and make them concentrate on selling activities. Social platforms, sales force automation, Cloud CRM are effective techniques which makes sales job easier.

8.5 EXERCISE

Q.1 Match the following:

- 1) _____ is a designated geographical area selected for sales.
 - a) Sales Budget
 - b) Sales Audit
 - c) Sales Territory
 - d) Sales Quota
- 2) _____ is first step in designing sales territory.
 - a) Selection of Salesman
 - b) Availability of Fund
 - c) identification of Geographical Area
 - d) Market Research
- 3) _____ technology solutions automate many selling tasks and freeing up sales employees to focus on activities that generate sales and revenue.
 - a) Mobile technology
 - b) Social media platform
 - c) Internet
 - d) Sales force Automation
- 4) _____ is data mining technique used in sales management.
 - a) Social Media
 - b) Association
 - c) Sales Audit
 - d) Sales Forecasting
- 5) _____ is very common method of getting customer feedback.
 - a) Social Media
 - b) Contact Forms
 - c) Call centre
 - d) Email survey

Q.2 Match the following:

A	B
IT in Sales Management	Improve Market Coverage
Cloud based CRM	Customer Feedback
Email Survey	sales person to access data from anywhere any time
Sales Territory	Large Amount of Data
Data Mining	Sales force Automation

Q.3 State true or false:

- 1) Data mining is process of discovering hidden valuable knowledge by analysing large amounts of data.
- 2) Email Survey is more cost effective than SMS method for gathering customer feedback.

- 3) Sales territory is making job of sales person more complicated.
- 4) CRM (Customer Relationship Management) is a Data Mining Technique
- 5) Sales territory is making sales job more costly and time consuming.

Q.4 Write Short notes:

- 1) Application of Data Mining in sales management
- 2) Importance of Customer Feedback
- 3) Role of IT in sales Management
- 4) Steps involved in designing sales Territory
- 5) Techniques of data mining

Q.5 Answer the following:

- 1) What is the importance of customer feedback for a company? Explain methods of collecting customer feedback.
- 2) What do you understand by sales territories? Explain the main reason for establishing sales territories.
- 3) How information technology is important for reducing sales efforts? Explain different technical tools used by the organization in selling process.
- 4) Explain the concept of data mining and steps involved in data mining process.
- 5) What is data Mining? Explain process of Data Mining.

8.6 REFERENCES

- Advertising and sales Management - S Praveen
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UNIT – I INTRODUCTION TO

1 ADVERTISING Unit Structure 1.0. Objective **1.1. Introduction 1.2.** Concept and Features **of advertising 1.3.** Significance **of advertising 1.4.** Classification **of advertising 1.5.** Elements **of**

Integrated Marketing Communication (IMC) 1.6. Behavioural Model (E.K. Strong AIDA) 1.7. DAGMAR Model (Russel Colley) 1.8. Hierarchy of Effects (Lavidge and Steiners) 1.9. Summary 1.10. Exercise 1.11 References

11.0. OBJECTIVES After studying **this** unit **the student will be able to - ?**
Understand concept **and features of advertising ?** Explain significance **of advertising ?** Describe classification **of advertising**

? Discuss the elements of IMC ? Relate AIDA model, DAGMAR model and Hierarchy of effects model with real life 1.1. INTRODUCTION Marketing mix includes: Product, Price Promotion and Place.

1 Advertising is an element of Promotion mix. The term **advertising**

is derived from the Latin word 'advertere' which means 'to turn the mind towards'. Every advertising turns the attention of the people towards product. The dictionary meaning of the term advertising is 'to give public notice or to announce publicity.' Advertising is a communication tool through which marketer / advertiser creates awareness about their new product / services and reminds about existing product / services to their target customers. It also persuades customers to buy the product. Advertising has also been an effective