



**EIILM UNIVERSITY**  
S I K K I M

## **ADVERTISING AND PROMOTIONS**

**Subject: ADVERTISING AND PROMOTIONS**

**Credits: 4**

## **SYLLABUS**

### **Concepts of Advertising**

The Field of Advertising, Introduction, Integrated Marketing Communication, Advertising and its types, Comparative Advertising, case study, Communication Models in Advertising

### **Integrated Advertising Program**

Integrated Advertising Program Analysis of Mission & Market Objective Setting & Determining Target Audience, Understanding Segmentation, Positioning, Budget Decision, case study on Budgets

### **Message and Media**

Understanding Message Strategy, Message & Copy in Advertising, Headlines in Print & TV Advertising, Visualization & Layout, AD Appeals, Testimonials & Celebrity Endorsement , Media Types & Decision Types of Media, Media Selection, Media Planning: New Perspective, Media Decision

### **Understanding Campaigns**

Campaign Making, Three Phases of Campaign Creation, Steps of Effective Advertising, Upsetting the applecart in the scooterette category In Style! Case study, Understanding Campaigns,

### **Advertising Organization**

Advertising Stake Holders – Advertising Organization, Evolution & History of advertising Agency, The working of AD agencies, Organization Structure of Advertising Department, Interface with other Departments, Functions of Advertising Agency.

### **Suggested Reading:**

1. S A Chunawalla, K C Sethia, Foundations of Advertising: Theory & Practice, Himalaya Pub. House
2. M. S. Ramaswamy, Marketing, Salesmanship, and Advertising
3. Rajeev Batra, David A. Aaker, Advertising Management, Prentice Hall

## COURSE OVERVIEW

When ever we ask a child what do you want to become in life the question is only limited to doctor, engineer, teacher, scientist and so on and so forth but we forget that there is another very important field which is advertising. It is a field, which is glamorous and full of hard work. In fact we realize about this field when we see advertisement and appreciate them. So this course is basically designed to make you realize the importance of advertising and what role is it playing in today's competitive era. It will also help you to decide whether you will be fit for this profession and will guide you about the options available in this field. Another part of this course is promotions that will give you better insight on promotional mix (Personal Selling, Publicity, Sales Promotion, Direct Marketing and public relation). This course is offered with the objective of giving students framework and knowledge with which to make more effective advertising decisions and to communicate some of the excitements and vitality that characterizes the advertising business. Towards the end of this course you will know what you currently know about how advertising works and to draw lessons form the knowledge from the advertising decision-making.

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# LESSON 1 :

## DEFINITION, INTRODUCTION

### TO ADVERTISING AND ITS HISTORY

#### Objective

Students by the end of this lesson I expect you to be clear with what is advertising and how it has evolved over a period of time.

#### The World of Advertising

In this first lesson we will start with the discussion on the so-called the glamour's world and that is advertising where our main focus will be on what is 'advertising'? What are its important dimensions? (The standard definition of advertising includes six elements.)

To start with tell me what do you understand from advertising. As all of you would have noticed that, whenever you are watching any channel or coming from your home they're too many advertisement, but have you ever thought why it is being done? If no, then start thinking and if yes then let's discuss.



**Before getting into the definition try and recall this advertisement. Tell me this is the advertisement of which brand?**

#### What is Advertising?

Advertising is known to each one of us. This is so because right from morning till night we come across a number of them in newspapers, in magazines, on the roads as hoardings, in shops as posters, in films and on TV. In fact, it stares at us from all sides and is all-pervasive. What function does it perform essentially? It influences our decisions, especially buying decisions.

If you want to see the effect of advertising ask a nursery going child these days he/she are aware of brands like Colgate and Rasna and Nirma thanks to TV advertising. Jingles of the products are hummed by the young and old alike.

Advertising puts across the message in a convincing way, and guides us to take action-buy these products repeatedly. Now Let's first understand the definition of advertising.

The word advertising has its origin from a Latin word 'advertire' which means to turn to.

The dictionary meaning of the word is 'to announce publicly or to give public notice.'

American Marketing association has defined advertising as "any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor."

Advertising is a paid form of communication, although some forms of advertising, such as public service announcements (PSAs), are donated space and time.

Second, not only is the message paid for, but also the sponsor is identified.

Third, most advertising tries to persuade or influence the consumer to do something. Although in some cases the point of the message is simply to make consumers aware of the product or company.

Fourth and fifth, the message is conveyed through many different kinds of mass media reaching a large audience of potential consumers.

Finally, because advertising is a form of mass communication, it is also non-personal.

A definition of advertising, then, includes all six features.

Advertising is paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience.

In an ideal world every manufacturer would be able to talk one-on-one with every consumer about the product or service being offered for sale. Personal selling is typically a one-on-one approach, but it is very expensive.

Although advertising delivered through interactive technology might be considered personal rather than mass communication, it is still a far cry from personal selling. Advertisers can provide more customization through interactive media such as the World Wide Web, but it is not the same as meeting with every customer individually to discuss a product or service. The key point is that interactive advertising reaches a large audience just like traditional advertising.

The costs for time in broadcast media, for space in print media, and for time and space in interactive and support media are spread over the tremendous number of people that these media reach. For example, \$1.2 million may sound like a lot of money for one Super Bowl ad; but when you consider that the advertisers are reaching over 500 million people, the cost is not so extreme.

Let's us discuss the salient features of Advertising in detail.



The following are the salient features of advertising:

- **Paid Form:** An advertising message is paid for by the advertiser and this distinguishes it from publicity which is not paid, for. When an advertiser makes payment, he exercises control over its contents, form schedule, and media selection.
- **Any Form:** Advertising can take several forms. It could be a sign, a symbol, and an illustration. It could be a message which is either written in words or shown on TV or aired on radio. It could be a mailer received in post it could be a handbill distributed at a "street corner. Advertising could be outdoor advertising such as posters or billboards or neon signs. Any form of presentation, which fulfils the functions of an advertisement, can be employed.
- **Non-Personal:** Advertisement does not include any personal selling done on person-to-person basis or people-to-people basis. It is a substitute for a personal salesman. It uses mass media to deliver the message. Advertisement is meant for a larger 'target audience and is not directed to an individual.
- **Goods, Services, Ideas:** Advertising can promote a wide range of products. It can also promote services such as mobile telephony, internet and banking. Besides, this advertising is used to propagate socially relevant causes such as family welfare, fuel, economy, adult literacy etc. All of you must have seen advertisements on TV advising care and caution while bursting crackers at the time of Deepavali.
- **Identified Sponsor:** An advertisement is put by an advertiser. The advertiser could be a company or corporation or society or an individual. The sponsoring organization puts either its name or the name of the brand or both on the advertisement.
- **Information:** An advertising message informs the consumers about the features of the products and their availability.
- **Persuasion:** Advertising goes beyond information. It persuades the potential consumers about the suitability of the product.
- **Target Audience:** An advertising message is meant for a specific group of people who are the potential or actual users of the product. A lipstick is meant for young college girls. A luxury car is meant for, high income business and professional people. An advertiser directs his message to a selected group called its target audience.
- **Creativity:** Advertising has to sell. But beyond that- it is also an art, which employs creativity to create an ad message. Advertising as a profession employs both creative and on creative - people. Those who write advertisements are called copywriters and work in the creative section. Those who visualize the written words are also create the message so-generated is produced to be put across through different media. Production and media are the two other important departments of advertising business.

- Advertising now is practiced as a profession. The advertising industry consists of the advertising agencies with billing running to Rs. 10,000 crores per annum. Then we have a body of advertisers, mostly manufacturers, distributors, large retailers; service institutions etc. who sustain the advertising activity. We have the media consisting of the press, broadcast media (radio, TV), outdoor publicity etc. In all these three components, there are trained professionals like the Advertising Manager, the Media Manager, the Accounts Manager, the Space Selling Manager, the Art Director etc.
- **Psychological, Social, and Economic Force:** Advertising influences our attitudes and- predisposes us favourably towards certain products. It is thus a psychological force. Advertising reflects the contemporary society. It is thus a social force. Advertising attempts to influence 'demand and so it is an economic force.
- **A Discipline:** Advertising is studied as a discipline having a body of knowledge at journalism and mass communication schools and in business schools, and now in University's regular programmes (e.g., B.Com. of Mumbai and Goa University).

I think by now you are clear with the concept of advertising now let us move on two views that are for advertising.

The function of advertising can be vied in two basic ways:

1. As a tool of marketing
  2. As a means of communication
1. **As a tools of marketing:** the advertising, in the above lines has been defined as a tool of marketing. It is used as a tool for selling the products, ideas and services of the identified sponsor i.e. advertiser, through non-personal intermediaries or media. It supplements the voice and personality of the individual salesman.
  2. **Advertising as a means of communication and persuasion:** advertising presents and promotes the ideas, goods and services of an identified advertiser. In presenting and promoting an item (ideas, goods and services), the advertiser, is engaging in a very important function of communication. It informs the prospective buyers and users about the product and the producer. It, thus, serves as a communication link between the producer and the prospective buyers who are interested in seeking the information. Surely, advertising may be taken as the most efficient means of reaching people with product information.

A part from disseminating the information to the prospective buyers about the product and the producer, the advertising serves as a mass persuader. While creating awareness and popularity, it seeks to persuade. In fact advertising is a mass persuasion. It is a more effective widespread and less costly way of establishing contact than salesmanship. Clyde R. Miller points out that "all success in business in industrial production, in invention, in religious conversion, in education and in politics depend upon the process of persuasion".

Persuasion is the essence of a democratic society. Every advertiser in modern times intends that all creative advertising must

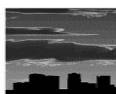


serve more than merely inform or entertain. It must change or reinforce an attitude or behaviour. And the consumer-the average man-should recognize the advertisers persuasive intention.

Thus advertising, in its broader sense must include only its commercial functions but at the same time, it should also convey adequately its purpose. The definition of advertising in the light of the above view, may be given as-“Advertising is controlled, identifiable information and persuasion by means of mass communication media”

#### Audiences for Advertising

- Household Consumers
- Business Organizations
- The Trade Channel
- Professionals
- Government



#### Students let us see how advertng has originated and gained importance over a period of time

##### Origin and Growth of Advertising

Advertising history runs parallel to, the history of mankind. Advertising as we know it today is a phenomenon” hardly sixty years’ old. Prior to the invention of the printing, press (1450 AD) there were town criers who sold their goods through shouting Generally, this was a method of ‘sale in fairs and market yard. This simple method was’ supplemented by shop-signs. The oldest written advertising is preserved in the British museum (3000 years old). Alburns (a place for writing on the wall) and stone-tablets were the media. Placards followed these. With the fall of the Roman empire, advertising died too. Till 1400 AD, there was not much of it.

Let us first see what happened in early years of Printing

Printing press invention (Germany, ‘Gutenberg) gave a boost to writing and advertising. Handbills were first printed in 1477. Soon the newspaper came up on the scene. Towards the end of the 16th century all publications in Germany and Holland carried advertisements. Product advertised were: new pamphlets; books and treatises.

Periodical advertising on, a regular basis began in the early part of the 17th century. England had a weekly newspaper (1692). But a form similar to newspaper of today came after 50 years. Newspapers -started accepting picture advertising.

In 1650s some advertisements occasionally appeared. Coffee was offered for the first time in 1652, chocolate in 1657 and the in 1658

Handbills are the fore-runners of the present day advertisements. They appeared on the scene in the 18th century. The first daily newspaper started publication in 1702. Patent Medicines were advertised most in all the newspapers.

**Expansion:** In 19<sup>th</sup> century advertising marked a great expansion. In 1892, the first advertising agency sprang up in London (Reynell and Sons). In 1841, in the USA the first advertising agency was started (founded by Volney Palmer). More such

agencies came in the USA. In 1875, the first modern advertising agency was set up in Philadelphia (N.W. Ayer & Son). They offered not only space selling but also many other services to clients.

Towards the end of the 19<sup>th</sup> century, creative advertisement developed. Painting came to be used in advertising (1887).

**Consolidation:** In the last century (20<sup>th</sup> century) advertisement bloomed to its full form. More emphasis was laid on advertisement copy. Art services and advertisement production became more and more important. Media selection was also considered equally important. By 1920, the agencies started planning campaigns. In 1917, AAAA (American Association of Advertising Agencies) was founded.

In the early part of the century, advertising form underwent metamorphosis. In 1914, ABC (Audit Bureau of Circulation) was founded.

After the First World War, advertisement got established. MR also came up on the scene. Radio commercials in the USA became common. Advertisement films also became prominent.

After the II World War, there was mass production. Advertising activity therefore increased.

TV also came later in 20<sup>th</sup> century as a powerful medium of advertising:

Let us tabulate the history of Indian Advertising.

Period	Characteristics
<b>Pre-Independence India</b>	<b>Press Advertisements</b>
1930s	The talkie and radio emerge as media
1940s	War Years Famine. Fight for Independence
1950s	Watershed years for advertising Many Indian Industries came up. Wood’s survey of rural market. Burmah Shell propagated kerosene by transit advertising on vans. Cinema advertising began ( 2-3 minutes films). Calcutta gets the privilege of having India’s first ad club (1956). Press syndicate: leading ad agency National created the Murphy baby – still a popular figure.
1960s	India’s first Advertising convention ( Calcutta – 1960). Advertising should be Indian in thought and content. (Dr. Keskar in this convention). Shift to marketing orientation. Professionalisation within agencies. Asian Advertising Congress at New Delhi.
1960s	Research data generated. MRI (Market Rating Indices). Shop Audits. NRS. Creativity was emphasized. Photography finds increasing use Social marketing.

1970s	Media boom. Special magazines. Asian Advertising Congress at New Delhi Life-style studies Positioning. Rural Marketing
1980s	Indigenisation though there is still Western execution. Public Sector advertising. Expansion and diversification of agencies TV as a powerful medium Colour printing more popular Regional broadcasts. Expansion of radio. Marketing techniques in print medium Formation of Indian Chapter of International Advertising Association. Formation of ASCI. Adoption of a new code. History of Indian Advertising has been taken up as a project by Advertising Club of Bombay. Reach 1 and Reach II.
1990s	NRS IV, V, VI and PRS (1997) Surveys. Niche magazines. Opening of print media for foreign collaboration. F.M. Radio in private hands. Emphasis on brand equity. Several satellite channels and pay channels of TV. Consumer satisfaction and tracking studies. Prasar Bharati, Cable TV Regulation and Conditional Access System (CAS)

**“Quote-Unquote what few stalwarts have to say about Advertising.”**

- **“Advertising is the principal reason why the business man has come to inherit the earth.”**  
James Randolph Adams, quoted in John P. Bradley, Leo F. Daniels & Thomas C. Jones, The International Dictionary of Thoughts, 1969, Chicago, IL: J. G. Ferguson Publishing Co., p. 12.
- **“Advertising is of the very essence of democracy. An election goes on every minute of the business day across the counters of hundreds of thousands of stores and shops where the customers state their preferences and determine which manufacturer and which product shall be the leader today, and which shall lead tomorrow.”**  
Bruce Barton (1955), chairman of BBDO, quoted in James B. Simpson, Contemporary Quotations, 1964, Binghamton, NY: Vail-Ballou Press, p. 82.
- **“Advertising is the ability to sense, interpret . . . to put the very heart throb of a business into type, paper and ink.”**  
Leo Burnett, quoted by Joan Kufrin, Leo Burnett: Star Reacher (1995), Chicago, IL: Leo Burnett Company, Inc., p. 54.
- **“Advertising is what you do when you can’t go see somebody. That’s all it is.”**  
Fairfax Cone (1963), ad agency partner, quoted in James B.

Simpson, Contemporary Quotations, 1964, Binghamton, NY: Vail-Ballou Press, p. 84.

- **“Advertising is the life of trade.”**  
Calvin Coolidge, quoted in John P. Bradley, Leo F. Daniels & Thomas C. Jones, The International Dictionary of Thoughts, 1969, Chicago, IL: J. G. Ferguson Publishing Co., p. 13.
- **“Advertising - a judicious mixture of flattery and threats.”**  
Northrop Frye, quoted in Robert I. Fitzhenry, The Fitzhenry & Whiteside Book of Quotations, 1993, Canada: Fitzhenry & Whiteside Limited, p. 18.
- **“The art of publicity is a black art.”**  
Learned Hand, American jurist, quoted in Robert I. Fitzhenry, The Fitzhenry & Whiteside Book of Quotations, 1993, Canada: Fitzhenry & Whiteside Limited, p. 19.
- **“[A]dvertising is a symbol-manipulating occupation.”**  
S. I. Hayakawa, Language in Thought and Action (1964), New York: Harcourt, p. 268.
- **“Advertising is salesmanship mass produced. No one would bother to use advertising if he could talk to all his prospects face-to-face. But he can’t.”**  
Morris Hite, quoted in Adman: Morris Hite’s Methods for Winning the Ad Game, 1988, Dallas, TX: E-Heart Press, p. 203.
- **Advertising is “the lubricant for the free-enterprise system.”**  
Leo-Arthur Kelmenson (1976), quoted in Michael McKenna, The Stein & Day Dictionary of Definitive Quotations, 1983, New York: Stein & Day Publishing Co., p. 11.
- **“Advertising may be described as the science of arresting the human intelligence long enough to get money from it.”**  
Stephen Butler Leacock, quoted in Michael Jackman, Crown’s Book of Political Quotations, 1982, New York: Crown Publishing Inc., p. 1.
- **“Advertising is the greatest art form of the twentieth century.”**  
Marshall McLuhan (1976), Canadian social scientist (quoted in Robert Andrews, The Routledge Dictionary of Quotations 1987, p. 5, London: Routledge & Kegan Paul).
- **“Ads are the cave art of the twentieth century.”**  
Marshall McLuhan, quoted in Robert I. Fitzhenry, The Fitzhenry & Whiteside Book of Quotations, 1993, Canada: Fitzhenry & Whiteside Limited, p. 19.
- **“Advertising is an environmental striptease for a world of abundance.”**  
Marshall McLuhan, introduction to Wilson Bryan Key, Subliminal Seduction: Ad Media’s Manipulation of a Not So Innocent America, 1974, New York: Signet (New American Library), p. vii.
- **“Advertising is the rattling of a stick inside a swill bucket.”**  
George Orwell, quoted in Angela Partington, The Oxford

Dictionary of Quotations, 1992, New York: Oxford University Press, p. 501.

- **Advertising is “[a] ten billion dollar a year misunderstanding with the public.”**  
Chester L. Posey, Senior V.P. & Creative Director, McCann Erickson
- **“Advertising is, actually, a simple phenomenon in terms of economics. It is merely a substitute for a personal sales force - an extension, if you will, of the merchant who cries aloud his wares.”**  
Rosser Reeves, *Reality in Advertising* (1986), New York: Alfred A. Knopf, Inc., p. 145.
- **“Advertising is the ‘wonder’ in Wonder Bread.”**  
Jef I. Richards (1995), advertising professor, The University of Texas at Austin.
- **“Advertising is the modern substitute for argument; its function is to make the worse appear the better.”**  
George Santayana
- **“Advertising is the foot on the accelerator, the hand on the throttle, the spur on the flank that keeps our economy surging forward.”**  
Robert W. Sarnoff, quoted in John P. Bradley, Leo F. Daniels & Thomas C. Jones, *The International Dictionary of Thoughts*, 1969, Chicago, IL: J. G. Ferguson Publishing Co., p. 15.
- **“The simplest definition of advertising, and one that will probably meet the test of critical examination, is that advertising is selling in print.”**  
Daniel Starch, *Principles of Advertising*, 1923, Chicago, IL: A.W. Shaw Company, p. 5.
- **“Advertising is selling Twinkies to adults”**  
Donald R. Vance
- **“Advertising is legalized lying.”**  
H.G. Wells, quoted in Michael Jackman, *Crown’s Book of Political Quotations*, 1982, New York: Crown Publishing Inc., p. 2.
- **“Advertising is the genie which is transforming America into a place of comfort, luxury and ease for millions.”**  
William Allen White, quoted in John P. Bradley, Leo F. Daniels & Thomas C. Jones, *The International Dictionary of Thoughts*, 1969, Chicago, IL: J. G. Ferguson Publishing Co., p. 15

Ad Spends Seen Rising In The New Year

Advertising industry poised for a healthy growth

**Lalitha Srinivasan**

MUMBAI, DEC 29: What will really work in the Rs 12,000 crore Indian advertising industry in the year 2004? Will ad spends be under pressure in the highly competitive industry? While many head honchos of advertising agencies predict that 2004 will be a good year for the ad industry, there are others who expect tougher times ahead. According to ad gurus, sectors like pharma, insurance, IT, services and consumer durables will surely increase their ad spends in the year 2004.

Looking for a Bride Groom

of Age 18 - 25 26 - 30 31 - 35 36 - 45 46 - 50 Above 50

With the economy showing signs of recovery, the Indian ad industry will certainly register a healthy growth rate in the year 2004, predicts Nirvik Singh, chairman South Asia, Grey Worldwide Group. “In the New Year, the ad spends will go up in many sectors which include pharma and insurance. I definitely see a bright year for the ad industry in the year 2004,” he adds.

For effective advertising strategy, Indian marketers will continue to opt for integrated marketing plans which will be split between above and below-the-line activities, says Mr. Singh. “I think it will be a mix of 70 per cent of traditional advertising and 30 per cent of non-traditional media,” he adds.

If this year the industry grows by about 10 per cent, the next year should see a 15 to 18 per cent growth as the outlook is healthy, predict industry analysts in Mumbai.

Echoing similar views, Arvind Sharma, chairman and chief executive officer, Leo Burnett, expects the Indian ad industry to grow by 15 per cent in the year 2004. “Happy times are ahead. Most sectors will increase their ad spends to stand out in a clutter. Sectors like FMCGs, durables and services will surely increase their ad spends in 2004,” says Mr Sharma. According to industry analysts, the new year promises to be good: strong macro economic fundamentals, turnaround in GDP growth, brimming foreign exchange reserves and increased public investment programmes in infrastructure. “The sectors, which already show remarkable results, are industry and services. India’s IT sector will continue to make tremendous progress. And now, outsourcing and R&D are creating widespread job opportunities. Given this macro environment, advertising will reflect this positive framework,” comments a leading advertising practitioner in Mumbai.

Sharing Mr Sharma’s positive outlook, Kurien Mathews, director, TBWA India, says the ad industry will benefit from the feel-good factors in the country. “The country is doing well. The economy is booming so the ad industry will see better times. I think ad spends will certainly increase in sectors like insurance and financial services,” says Mr Mathews.

According to Ramesh Narayan, managing director, Canco advertising, the ad industry can hope for a bright year ahead as all economic indicators are showing great signs. “With the elections around the corner, many key sectors will hike their ad spends, with the result the industry will fare better in the year 2004,” he adds.

In sharp contrast to these views, Tarun Rai, senior vice-president, JWT India, says the ad spends will not increase dramatically while there will be an incremental increase in the year 2004. “Things will be better next year. However, I think it’s going to take another year before we can assume that the growth is going to last. While ad spend may increase, it may not be reflected in the industry’s growth. I do not expect any dramatic change in the new year,” comments Mr Rai.

Finally, with the economy looking up, most professionals are hoping for a better year than 2003 in the Indian advertising industry.



The spirit should be free and creativity of yours should fly higher and higher in this ad mad world of advertising.

Just go through this on advertising history :

- A sophisticated & professional industry called Indian Advertising
- Indian Advertising starts with the hawkers calling out their wares right from the days when cities and markets first began
- Shop front signages
- From street side sellers to press ads
- The first trademarks
- Handbills distributed separately from the products

### 18th Century

- Concrete advertising history begins with classified advertising
- Ads appear for the first time in print in Hickey's Bengal Gazette. India's first newspaper (weekly).
- Studios mark the beginning of advertising created in India (as opposed to imported from England) Studios set up for bold type, ornate fonts, more fancy, larger ads
- Newspaper studios train the first generation of visualisers & illustrators
- Major advertisers: Retailers like Spencer's, Army & Navy and Whiteaway & Laidlaw
- Marketing promotions: Retailers' catalogues provided early example
- Ads appear in newspapers in the form of lists of the latest merchandise from England
- Patent medicines: The first brand as we know them today were a category of advertisers
- Horlicks becomes the first 'malted milk' to be patented on 5th June 1883 (No. 278967).

### The 1900s

- 1905 - B Dattaram & Co claims to be the oldest existing Indian agency in Girgaum in Bombay
- 1912 - ITC (then Imperial Tobacco Co. Ltd.) launches Gold Flake

1920s - Enter the first foreign owned ad agencies

- Gujarat Advertising and Indian Advertising set up
- Expatriate agencies emerge: Alliance Advertising, Tata Publicity
- LA Stronach's merges into today's Norvicson Advertising
- D J Keymer gives rise to Ogilvy & Mather and Clarion

1925 - LR Swami & Co, Madras

1926 - LA Stronach & Co (India) Pr. Ltd, Bombay starts

- Agency called National set up for American rather than British advertisers
- American importers hire Jagan Nath Jaini, then advertising manager of Civil and Military Gazette, Lahore. National today is still run by Jaini's family
- Beginning of multinational agencies
- J Walter Thompson (JWT) opened to service General Motors business

1928 - BOMAS Ltd (Formerly DJ Keymer & Co Ltd) set up

1929 - J Walter Thompson Co Pr. Ltd formed

### Indian Agencies, Foreign Advertising in the Thirties

1931 - National Advertising Service Pr. Ltd. Bombay set up

- Universal Publicity Co, Calcutta formed
- 1934 - Venkatrao Sista opens Sista Advertising and Publicity Services as first full service Indian agency
- 1935 - Indian Publicity Bureau Pr Ltd, Calcutta established
- 1936 - Krishna Publicity Co Pr. Ltd, Kanpur begins operations

- Studio Ratan Batra Pr. Ltd, Bombay established
- Indian Broadcasting Company becomes All India Radio (AIR)

1938 - Jayendra Publicity, Kolhapur started

1939 - Lever's advertising department launches Dalda - the first major example of a brand and a marketing campaign specifically developed for India

- The Press Syndicate Ltd, Bombay set up

### Indianising Advertisements in the Forties

1940 - Navanilal & Co., Ahmedabad set up

1941 - Lux signs Leela Chitnis as the first Indian film actress to endorse the product

- Hindustan Thompson Associates (HTA), the current incarnation of JWT, coins the Balanced Nourishment concept to make Horlicks more relevant to India

- Green's Advertising Service Agents, Bombay formed

1943 - Advertising & Sales Promotion Co (ASP), Calcutta established

1944 - Dazzal, Bombay comes into existence

- Ranjit Sales & Publicity Pr. Ltd, Bombay started

1945 - Efficient Publicities Pr. Ltd, Madras set up

- Tom & Bay (Advertising) Pr. Ltd., Poona begins operations in India

1946 - Eastern Psychograph Pr. Ltd., Bombay set up



- Everest Advertising Pr. Ltd, Bombay established
- 1947 - Grant Advertising Inc, Bombay formed
- Swami Advertising Bureau, Sholapur started
- 1948 - RC Advertising Co, Bombay set up
- Phoenix Advertising Pr. Ltd, Calcutta formed
- 1950s - Radio Ceylon and Radio Goa become the media option
- 1951 - Vicks VapoRub: a rub for colds, causes ripples with its entry in the balm market
- 1952 - Shantilal G Shah & Co, Bombay
- 1954 - Advertising Club, Mumbai set up
- Express Advertising Agency, Bombay
- India Publicity Co. Pr. Ltd., Calcutta
- 1956 - Aiyars Advertising & Marketing, Bombay
- Clarion Advertising Services Pr. Ltd, Calcutta
- 1957 - Vividh Bharati kicks off
- 1958 - Shree Advertising Agency, Bombay
- 1959 - Associated Publicity, Cuttack

### Creative Revolution in the Sixties

- 1960 - Advertising Accessories, Trichur started
- Marketing Advertising Associates, Bombay set up
- 1961 - Industrial Advertising Agency, Bombay comes into existence
- Bal Mundkur quits BOMAS to set up Ulka the same year
- 1962 - India's television's first soap opera - Teesra Rasta enthralls viewers
- 1963 - BOMAS changes names to SH Benson's
- Stronach's absorbed into Norvicson
- Lintas heading for uncertainty
- Levers toying with giving its brands to other agencies
- Nargis Wadia sets up Interpub
- Wills Filter Tipped cigarettes launched and positioned as made for each other, filter and tobacco match
- 1965 - Kersey Katrak sets up Mass Communication and Marketing (MCM)
- 1966 - Government persuaded to open up the broadcast media
- Ayaz Peerbhoy sets up Marketing and Advertising Associates (MAA)
- 1967 - First commercial appears on Vividh Bharati
- 1968 - Nari Hira sets up Creative Unit
- India wins the bid for the Asian Advertising Congress
- 1969 - Sylvester daCunha left Stronach's to run ASP; later sets up daCunha Associates
- 1970 - Frank Simoes sets up Frank Simoes Associates

### The Problematic Seventies

1970, 1978 - National Readership Studies provided relevant data on consumers' reading habits

1970 - Concept of commercial programming accepted by All India Radio

- Hasan Rezavi gives the very first spot on Radio Ceylon
- 1971 - Benson's undergo change in name to Ogilvy, Benson & Mather
- 1972 - Western Outdoor Advertising Pvt Ltd (WOAPL) introduces first closed circuit TV (CCT) in the country at the race course in Mumbai
- 1973 - RK Swamy/BBDO established
- 1974 - MCM goes out of business
- Arun Nanda & Ajit Balakrishnan set up Rediffusion
- 1975 - Ravi Gupta sets up Trikaya Grey
- 1976 - Commercial Television initiated
- 1978 - First television commercial seen
- 1979 - Ogilvy, Benson & Mather's name changes to Ogilvy & Mather

### Glued to the Television in the Eighties

- 1980 - Mudra Communications Ltd set up
- King-sized Virginia filter cigarette enters market with brand name of 'Charms'
- 1981 - Network, associate of UTV, pioneers cable television in India
- 1982 - The biggest milestone in television was the Asiad '82 when television turned to colour transmission
- Bombay Dyeing becomes the first colour TV ad
- 13th Asian Advertising Congress in New Delhi
- Media planning gets a boost
- 1983 - Maggi Noodles launched to become an overnight success
- Canco Advertising Pvt. Ltd. founded
- Manohar Shyam Joshi's Hum Log makes commercial television come alive
- Mudra sponsors first commercial telecast of a major sporting event with the India-West Indies series
- 1984 - Hum Log, Doordarshan's first soap opera in the colour era is born
- Viewers still remember the sponsor (Vicco) of Yeh Jo Hai Zindagi!
- 1985 - Mudra makes India's first telefilm, Janam
- 1985-86 - 915 new brands of products and services appearing on the Indian market
- 1986 - Sananda is born on July 31. The Bengali magazine stupefies India by selling 75,000 copies within three hours of appearing on the newsstands.
- Mudra Communications creates India's first folk-history TV serial Buniyaad. Shown on DD, it becomes the first of the mega soaps
- Price quality positioning of Nirma detergent cakes boost sales
- 1988 - AAAI's Premnarayan Award instituted

1989 - Advertising Club Bombay begins a biennial seminar called 'Advertising that Works'

- Advertising & Marketing (A&M) magazine launched

### Tech Savvy in the Nineties

1990 - Marks the beginning of new medium Internet

- Agencies open new media shops; go virtual with websites and Internet advertising

- Brand Equity (magazine) of The Economic Times is born

1991 - First India-targeted satellite channel, Zee TV starts broadcast

- Close on the throes of the Gulf War enters STAR (Satellite Transmission for Asia Region)

1992 - Spectrum, publisher of A&M, constitutes its own award known as 'A&M Awards'

- Scribes and media planners credit The Bold And The Beautiful serial on STAR Plus channel as a soap that started the cultural invasion

1993 - India's only advertising school, MICA (Mudra Institute of Communications Ahmedabad), is born

- Tara on Zee TV becomes India's first female-centric soap

1995 - Advertising Club of Bombay calls its awards as Abby

- Country's first brand consulting firm, SABRE (Strategic Advantage for Brand Equity) begins operations

1996 - The ad fraternity hits big time for the first time by bagging three awards at the 43rd International Advertising Festival, Cannes

- Sun TV becomes the first regional TV channel to go live 24 hours a day on all days of the week

1997 - Media boom with the growth of cable and satellite; print medium sees an increase in titles, especially in specialised areas

- Government turns towards professional advertising in the private sector for its VDIS campaigns
- Army resorts to the services of private sector agencies
- Advertising on the Internet gains popularity
- Equitor Consulting becomes the only independent brand consultancy company in the country
- Several exercises in changing corporate identity
- For the first time ever, Indians stand the chance of winning the \$ 1- million booty being offered by Gillette as part of its Football World Cup promo 1998
- Events assume important role in marketing mix
- Rise of software TV producers banking on ad industry talent
- Reinventing of cinema -advertising through cinema begins

1998 - Lintas becomes Ammirati Puri Lintas (APL)

1999 - B2B site agencyfacts.com launched on September 28, 1999

- The Advertising Club Bombay announces the AdWorks Trophy

### In the New Millennium

2000 - Mudra launches magindia.com - India's first advertising and marketing gallery

- Lintas merges with Lowe Group to become Lowe Lintas and Partners (LLP)
- bigideasunlimited.com - a portal offering free and fee ideas for money launched by Alyque Padamsee and Sam Mathews
- Game shows like Kaun Banega Crorepati become a rage; media buying industry is bullish on KBC
- Kyunki Saas Bhi Kabhi Bahu Thi marks the return of family-oriented soap on TV
- French advertising major Publicis acquires Maadhyam

2001 - Trikaya Grey becomes Grey Worldwide

- Bharti's Rs 2.75-crore corporate TV commercial, where a baby girl is born in a football stadium, becomes the most expensive campaign of the year

2002 - Lowe Lintas & Partners rechristened Lowe Worldwide

- For the first time in the history of HTA, a new post of president is created. Kamal Oberoi is appointed as the first president of HTA

Points to ponder L:

## ADVERTISING

- **Advertising:** paid, nonpersonal communication through various media by business firms, not-for-profit organizations, and individuals who are identified in the advertising message and who hope to inform or persuade members of a particular audience



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## Advertising and Market Share

- ◆ New brands spend proportionately more for advertising than old ones.
- ◆ A certain level of exposure is needed to affect purchase habits.
- ◆ Beyond a certain level, diminishing returns set in.

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## Advertising and the Consumer

- ◆ Average U.S. citizen is exposed to hundreds of ads each day.
- ◆ Advertising may change a consumer's attitude toward a product.
- ◆ Advertising can affect consumer ranking of brand attributes.

## LESSON 2: TYPES OF ADVERTISING

### Objective

By the end of this session you should be in a position to segregate all the advertisement into different categories.



I hope all of you are clear with what is advertising and how it has evolved over a period of time. Now let us focus on types of advertising. In fact it is one of the most interesting topic, in this topic we will be relating all the advertisement, which we see and hear all the time and further segregating them into different categories.

### Classification of Advertising

Several categories of organizations are large users of advertising, most important among them being the manufacturing, trading and service firms, non-profit institutions and the government agencies. Advertising can also be classified according to types. The principal means of classification are: (1) by geographical spread, such as national, regional and local, (2) by target group, such as consumer advertising, Industrial advertising or trade advertising, (3) by type of impact such as: i) primary demand or selective demand advertising and (ii) direct or indirect action advertising and (iii) institutional advertising

It is conceptually more interesting and analytically more important to classify advertising. **The basis of classification, however, can be diverse, as will be evident from below:**

**1. Geographical' Spread:** On the basis of geographical spread, advertising can be classified as

- National,
- Local and
- Global.

**a. National Advertising:** Some 'manufacturers may' think that their target is, the entire country. 'They select media with a countryside base. Generally large, established firms belong to this category. Among them are Hindustan Lever, Brooke Bond, Larsen & Toubro, Escorts, Associated Cement Companies and the like.

**b. Local Advertising:** Small firms may like to restrict their business to State or regional level. Some firms first localize their marketing efforts and once success has been achieved, they spread out to wider horizons.

A classic example is Nirma washing powder, which initially was sold only in Gujarat and subsequently entered the other markets. Retail stores also undertake local advertising. The area to be covered would generally be a city or a town and media would be selected which principally relates to that area.

If we discuss about the recent years, several newspaper supplements have appeared which focus on a particular city and are of direct relevance to its inhabitants like the Bombay Times and Metro.

Sometimes large firms may also go in for local advertising, e.g., when they undertake pre-testing of a product especially consumer products in selected areas before embarking promotional campaign on a national level.

**c. Global Advertising:** Multinational firms treat the world as their market. Firms such as National IBM or Sony or Ford advertise globally, e.g., in periodicals like Times, Readers Digest.



What do you think, is it a "global" or and "international" ad?

What's the difference?

I think now you are clear with this concept of advertising on the basis of geographical spread.

Now we will focus on Target group advertising

**2. Target Group:** It is on the basis of target groups aimed at it can further be divided into sub category as:

- a. Consumer Advertising
- b. Industrial Advertising
- c. Trade Advertising
- d. Professional Advertising

a. **Consumer Advertising:** A very substantial portion of total advertising is directed to buyers of consumer products who purchase them either for their own use or for their household's. The fact that buyers of consumer items are generally very large and are widely distributed over a large geographical area enhances the importance of advertising as a marketing tool. The preponderance of such advertising can be seen by looking into at random any general print media, such as newspapers and magazines etc. These advertisements are intended to promote sale of the advertised products by appealing directly to the buyers/consumers. Such advertising is called consumer advertising. Another name for this is brand advertising, which focuses on the development of a long-term brand identity and image. It tries to develop a distinctive brand image for a product. White Star Line developed a brand image of power, scientific wonder, and unparalleled luxury for Titanic.

b. **Industrial Advertising:** Industrial advertising on the other hand refers to those advertisements which are issued by the manufacturers/distributors to the buyers of industrial products. This category would include machinery and equipment, industrial intermediates, parts and components, etc. Because of the unique characteristics of industrial buying decision process, the importance of industrial advertising is comparatively lower than that of consumer advertising.

c. **Trade Advertising:** Advertisements, which are directed by the manufacturers to the distribution channel members, such as wholesalers or retailers, are called trade advertising. The objective of such advertising is to promote sales by motivating the distribution channel members to stock more or to attract new retain outlets.

d. **Professional Advertising:** There are certain products for which the consumers themselves are not responsible for the buying choice.

The classic examples are pharmaceuticals where the decision is made by doctors while the consumers are the patient. Almost similar situation exists in the field of construction where architects, civil engineers and contractors are the decision-makers. Firms operating in such market segments, therefore, have to direct their advertising to these decision-makers, who are professional people. Such advertising is called professional advertising.

**3. By Type of Impact:** On the basis of impact, advertising can be primary advertising for generic products such as tea, coffee, paints etc. These are unbranded products. At later stages, these commodities are branded and specific brands are promoted. They are called selective advertising. Direct action advertising expects immediate response from the buyers such as soliciting orders through direct mail. Mostly advertising is indirect action advertising which makes the consumers favorably inclined towards the product so that they can later on buy these products in future. Institutional Advertising can be used to project a positive corporate image for the company.



Is this ad an example of primary or selective demand stimulation? What's the difference?

Lets see one of the most important types of advertising, which is not known to many people.

#### Public Relations Advertising (PRA)

Organizations these days are concerned with the type of image they project they have to communicate their objectives to the general public. They also have to Intake the public understand what their activities are. Public relations, in short, try to build rapport with various constituents of public such as employees, customers, local authorities, pressure groups, vendors, customers, shareholders, government and public at large. Public relations advertising helps to maintain this relationship. Its main objective is to build a good corporate image. It deals with issues rather than products and services. PR advertising is done by both business and non-business organizations. It represents management and communicates its policies, problems and performances to the public.

PR advertising generally precedes shares issues these days to create a favourable climate for the investing public. Annual reports of the companies and the chairman's speech have the potential of being good PR advertising provided they are excellently drafted. .

#### Purposes of PR Advertising

1. It projects a favourable image of the company.
2. It generates goodwill for the business.
3. It maintains relationship with the trade and suppliers.
4. It bursts the myths surrounding the corporate activities.
5. It creates conducive climate for the investing public.
6. It wins the confidence of the employees.
7. It takes up social causes for promotion such as- dowry, female infanticide, cancer detection etc. .It thus renders community service. It seeks public support for certain causes.
8. It is concerned with customer service and customer relationship management

#### Sub-categories of PR Advertising

PR advertising can be put into three categories:

1. Institutional or Corporate Advertising.
2. Public Service Advertising.
3. Political Advertising.

#### **Let us cover each of these category one by one , to start with let us first understand what is Institutional or Corporate Advertising**

The basic purpose of institutional or corporate advertising is to create a favourable public image of itself. It emphasizes its "name, rather than its products and services. Institutional advertising may cover the following dimensions:

1. The institute may present its viewpoint about a national cause, say prevention of blindness and the efforts it has taken to help this cause.
2. It may list its social contributions, or may emphasize its socially oriented policies.
3. It may also stress on the mission of the organization and, its philosophy.
4. It may speak about its R & D, plants, employee welfare schemes, market position.

The Institute can communicate through a single ad or a series of ads Institutional ads are indirect in their approach, and do not intend to sell anything.

It forcefully tells -how the organisation is a socially responsible institution. It also tells about the nationalistic leanings of the organization.

Many companies are faceless entities. Institutional or corporate advertising gives a face to the company.

#### Second sub category that we will discuss is Public Service Advertising

Public Service Advertising (PSA) is also institutional advertising, which seeks to promote important social issue. It is created to promote greater awareness of public causes. The examples of such social issues, which have been promoted, are handicapped

children and their help, female foeticide, national integration, flood donation, AIDS etc. Public Service Advertising is also known by various other names such as Public Awareness Advertising, Social Service Advertising and Social Awareness (SA) Advertising.

#### Finally it is Political Advertising

As most of the political advertising is directed to public, it comes under the category of public relations advertising. Political advertising is created either by political parties or candidates. Mostly we come across such advertising at the time of elections. Election advertising either lists the achievements of the party of candidate or propagates their ideological basis. Sometimes, they are provocative too. Such advertising may become comparative, where the weaknesses of the opposition are highlighted to show their party or candidate in favourable light.

#### Financial Advertising

When public limited companies' invite the general public to subscribe to the share capital of the company, it is called financial advertising. In a broader sense, it includes all advertising by financial industry such as banks, car loan companies, insurance companies, non-banking financial companies etc. It also includes image building corporate advertising prior to an issue or otherwise.

The copy of financial ad gives highlights of the project, details of the issue, crisis rating, management's perception of the risk factors, closing date of the issue, lead manager's name and address, promoter's name and address, name of the company and its address. Apart from these routine things the investing public is motivated to invest by suitable copy matter - a slogan, a promise of returns, profile of the product etc.

The media used for financial advertising are mainly the print media, especially the press and to some extent magazines. Mega-issues are promoted even on TV. Issue advertisements are also put on hoardings.

Financial' advertising motivates the public to invest, educate the public on various aspects of the issue, works in favour of the brokers/underwriters, and builds a good corporate image.

Financial advertising still remains prosaic. In order to be successful, it should become more imaginative and distinctive.



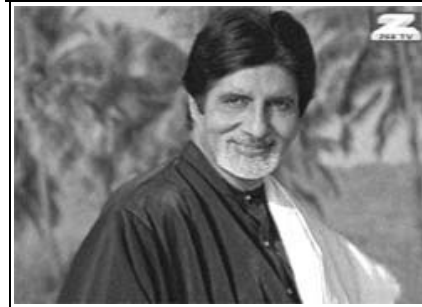
Look at the example given below for financial advertising:



A man strolls down a beach, "Zindagi naam hai, mushkil ko aasaan banaane ka. Zindagi naam hai zindagi ko aasaan baane ka."



Cut to a house, a man addresses the members, "I am Ajay Sharma from ICICI. Ma'am your home loan has been sanctioned."



Amitabh Bacchan turns to face the camera, "Bas. Ek bharsemand saathi hona chahiye."



MVO: "Saathi jo zindagi ko aasan banaaye." Super: 'ICICI Group. Saral. Surakshit. Samajhdar.'

### Directory Advertising

Another type of advertising is called directory because people refer to it to find out how to buy a product or service. The best-known form of directory advertising is the Yellow Pages, although many different kinds of directories perform the same function.

### Direct-Response Advertising

Direct-response advertising can use any advertising medium, including direct mail, but the message is different from that of national and retail advertising in that it tries to stimulate a sale directly. The consumer can respond by telephone or mail, and the product is delivered directly to the consumer by mail or some other carrier.

### Business-to-Business Advertising

Business-to-business advertising includes messages directed at retailers, wholesalers, and distributors, as well as industrial purchasers and professionals such as lawyers and physicians. Advertisers place most business advertising in business publications or professional journals.

### Institutional Advertising

Institutional advertising is also called corporate advertising. These messages focus on establishing a corporate identity or winning the public to the organization's point of view.

### Interactive Advertising

Interactive advertising is delivered to individual consumers who have access to a computer and the Internet. Advertisements are delivered via Web pages, banner ads, and so forth. In this instance, the consumer can respond to the ad, modify it, expand it, or ignore it.

We see, the, that there isn't just one kind of advertising. In fact, advertising is a age and varied industry. All types of advertising demand creative, original messages that are strategically sound and well executed. In upcoming chapters, we discuss each type of ad-vertising in more depth.

Just go through this article on types of advertising.

### Six types of Advertising and How to use them by Tom Egelhoff

Mistakes in advertising can be costly to small business. For this reason many business decide either not to advertise at all or to be very conservative with their ads. However, using the right "type" of advertising, with the right message, can cut the cost of advertising by making it more effective.

Not every business will use all six types of advertising. Which type you use will depend on what your message is and the end result you wish to accomplish.

The six types of Advertising are:

#### Company Image

Which is more important, the company or its products or individuals? In a small town or market, this can be a very important question. For example, your insurance agent might be a personal friend. You will buy your insurance

from him/her regardless of the company they represent. In another example, you may purchase a lot of goods at your local Wal-Mart, instead of local merchants, because of their low-price advertising message.

If you are a new company you may want to begin by establishing the company name first and the products and services later. This also works for company name changes. In the 1980's I worked with a video chain in San Diego, California called Video Library. Our advertising strategy was to promote the company name rather than promote the movies we rented. We placed small box ads (about 1.05"x 1.5") throughout the San Diego daily paper that simply said, "Video Library - xx Locations" We started in 1980 with four stores and by 1985 we had 43. Video Library was the most recognized name in video in San Diego at that time.

#### Name Brands

If there is one company in operation today that understands the importance of brand names, it has to be Procter and Gamble®. Tide® laundry detergent is far and away a number one best seller and has been for several years. When the dishwasher appeared on the scene they could have very easily created "Tide For Dishes." Capitalizing on a winning product name. But as we all know, that thinking doesn't work.

Instead of using the established name "Tide®", they created a new name that became just as strong in dish washing, "Cascade®." Ivory Soap®. When you hear the name alone, you know the product. Kraft®, on the other hand, has a bunch of products, but only one true winner. Philadelphia Cream

Cheese® has about 70% of that market. Also notice, the Kraft name is hardly noticeable on the package. Their Velveta® brand of cheese might be another winner. Kraft makes jams and jellies, Smuckers is number one. Kraft makes their own brand of mayonnaise, but Hellman's® is number one. Are you starting to get the picture? Kraft also makes another successful brand name, "Miracle Whip®."

A brand name creates a perception in the customers mind that becomes very strong. It's that strong perception every advertiser strives for. Would you buy Pennzoil® Cake Mix? Why not? They're a good company aren't they?

Do you see how ridiculous that sounds? It flies in the face of our perception of Pennzoil® as an oil product. It's dramatically out of place as a cake mix. There is nothing stronger than a good brand name. If you develop one, put it everywhere you can afford to.

#### Advertising a Service Instead of a Product

Advertising services is one of the most difficult type of advertising. You don't have a tangible product you can put in someone's hand. They can't touch it, feel it, see it or smell it. It must often be explained as well as demonstrated.

One of the best examples of service advertising is carpet cleaners. They come in, run some machinery over your carpets and leave. Nothing tangible is left behind. Except clean carpets. Service advertising is most often emotional advertising. Carpet cleaners don't sell clean carpets. They sell health to the infant crawling on the floor. They sell pride that people can visit a beautiful clean home.

#### Business to Business Advertising

Many businesses never have the need to deal with the public at all. For these businesses, advertising in the newspaper, radio or TV would be a waste of time and money. You will find these companies using direct mail or placing ads in trade magazines. For a complete listing of trade magazines ask for the "Encyclopedia or Periodicals" at your local library. Also ask to see the "Standard Rates and Data Service" directory. These will have listings and rates of trade and industry publications you can advertise in.

#### Co-Op Advertising

Co-Op advertising is one of the best ways for the small business owner to get the message out. In this type of advertising the manufacturer absorbs a portion of the cost and can also supply all the artwork for the ads.

There are some pitfalls to be careful of when dealing with co-op advertising. Every company wants their business portrayed in the best possible light. To that end, they will be very strict about how and where you place your advertising. Before the ok the co-op money, they will want to approve all ad copy, pictures, size, placement and use of logos. If you place an ad without approval you run the risk of violating one of the guidelines and absorbing the entire cost of the ad.

The media you choose will want payment for the ad within a month at the most. You may not receive your co-op money for several months. Make sure you get reimbursement procedures in writing and can live with them.

An alternative to teaming up with a manufacturer is to team up with another local business. You can share production costs for brochures or other printed materials and put each others coupons in your respective businesses. Pizza parlors and video stores are naturals to work together.

#### Public Service Advertising (PSA's)

If your company can sponsor a charity event, PSA's are a great way to promote your company in a positive light. Most media are required by licensing agreements to provide a certain amount of time or space for the good of their local communities.

Some of the downsides of PSA's. Don't expect to see your ad on "er" or some other prime time show. PSA's are often placed in off times. I don't want to paint everyone with a broad brush here. Some media are better than others. Just because you request a PSA, doesn't mean you'll get it. Media has a limited amount of space or time for PSA's.

You might get a break if you are currently advertising in the media of choice. It might also help if your organization buys a small amount of time or space to run with your PSA's.

#### The Last Word on Types of Advertising

The type of message and your target market will often dictate which type of advertising to use. Some companies will use more than one. Some will use several depending on the situation. Let's also keep in mind the pros and cons of advertising.

There are two basic advantages to advertising. One, it's the best way to get a message out about a new or existing product or service. Two, it can actually lower the cost of a product to the consumer by increasing sales which can result in reduced production costs.

The bad side of advertising is that it can create an artificial need for unnecessary products and services. Every Christmas the media creates the toy of the season. One year it's "Tickle Me, Elmo®" the next it's the "Furbee®." Don't even get me started on "Star Wars®."

The point is to keep an eye on the message you want your target market to receive. If you can, test some of the six types of advertising with various offers and messages. Find the type that works for you and work it.



## LESSON 3 :

## PURPOSE AND OBJECTIVES OF ADVERTISING, ADVANTAGES AND DISADVANTAGES

## Objective

Students by the end of this session all of you should be in a position to evaluate the functions as well as the purpose of advertising.



In our last class we have discussed about advertising types. I hope it was quiet interesting and all of you have enjoyed that session. Tell me have you ever thought why do these organization advertise if yes lets discuss and if no them please start thinking as the amount spend by most of the organization is heavy.

As all of us know that we advertise as we have something to sell and someone may want to buy it. By advertising we make our offer known. Advertising links the suppliers and the buyers -who in most cases are total strangers. In a nutshell, as Frank Jenkins says, advertising is the means by which we make known what we have to sell or what we want to buy.

Before starting the lecture I would like all of you to first go through this article on purpose of advertising by Doug Hay:

## The Purpose of Advertising

The only purpose of advertising is to make sales.

Advertising is viable or unviable according to its actual sales. It causes sales or it doesn't.

To determine what will become effective advertising, one must begin with the right basic premise. All advertising should be judged by a salesman's standards. In other words "Show me the money!"

The acid test of any advertising is: did it generate sales or prospects?

This may seem very obvious, but billions, if not trillions, are wasted on advertising where there is no way to measure the results in the “bottom line” (i.e. net profit to the business). After working for two years in an advertising agency, I can tell you that you would not believe what goes on. The bulk of the income to an advertising agency comes from placing the ads on TV, radio, newspapers, and magazines, not creating them. Thus, there is no real incentive to have an effective ad. Consider the cost of a 30-second ad on the Super bowl-it runs into the millions.

I knew of a highly successful sales manager who rewarded his good producers and fired the ones who didn't sell. His system was simple: every month the salesperson with the lowest sales was fired. While one may not agree with his methods, it illustrates how sales forces are run. Produce or you are out!

That same principle should be used to rate the success of advertising. It should be forced to justify itself. What are the costs and what are the results? Good salespeople don't make excuses, nor should your advertising.

Some advertising is planned with the wrong viewpoint. They are written to please the seller. The interests of the customer are forgotten or given less importance. Sales are not likely to occur when the ad campaign is created to impress the client not to sell the customer. However, if you are a big-time Madison Avenue agency, you can make infinite revenue selling clients on ad campaigns that are designed to stroke the egos of corporate executives.

One of the dumber statements I read was taken from a recent article on advertising: “Customers think that advertising costs a lot. So when they see your advertising, it makes them think that your company must be successful. That’s reassuring to buyers; it tells them that they’re making the right choice when they buy your product.” Tell that to the dot coms that spent fortunes on advertising but no longer even exist.

As companies weather tough times, new emphasis on Return on Investment has led them to evaluate their marketing and look for opportunities to reduce costs and increase market acceptance to enhance their bottom line.

There is high cost to failure. If a salesman makes a mistake, the company loses a sale. However if the advertising is wrong for a new product launch, it is a disaster. It is estimated that only 10% of new product ideas ever reach test marketing. 50% of new products test marketed fail there and 50% of those survivors fail on national launch-leaving only 2.5% of all new product ideas to ever see the light of day. This works out to just 1 success story in 64 new product ideas. The average new product destined for mass market that fails probably costs around \$50 million.

There, of course, have been many advertising successes. Gillette introduced their new razor called Mach 3, with all the attendant fanfare in the summer of 1998. The Mach 3 “shaving system” apparently took seven years and \$750 million to develop. Gillette poured another \$300 million into marketing the new product-making Mach 3 the world’s only billion-dollar razor. The sales went off the charts. In just six months Mach 3 became the top-selling razor and blade in North America and Europe. The company has parlayed its results oriented focus on its marketplace into a 72 percent market share in both the United States and Europe.

Advertising is not something to do to “keep the company name before the customers”. Judge it like a salesman. Sales stats are black and white. The salesman or saleswoman either gets the sale or they don’t. One can look at the sales orders-they are there or they are not.

Great advertising can influence sales immediately and for years to come

**I hope all of you have gone through this article but let us discuss some issues related to this article. Tell me do you think that most of the organization advertise only to generate sales and how many of you agree to the above article and why?**

#### **Lets see the Specific Reasons for Advertising**

Let us go somewhat deeper and learn the varied reasons for using advertising as a tool. These reasons speak volumes about the multi-dimensional nature of advertising and its special importance:

1. **To announce a new product or service:** To promote new products, advertising becomes bold and dramatic. It should also convince us about the novelty. For new products, we need an initial splash of advertising but it has to be followed by sustained efforts.
2. **To expand, the to new buyers:** Here what has been successfully sold to one segment of the market is advertised to a new segment, Soft drinks are the craze for teenagers. But they are now promoted for children.
3. **To announce a modification:** Many consumer’s products time and again are given a new lease of life by a certain product modification, e.g., Clinic Shampoo becomes Clinic Plus, or salt becomes iodized salt. Advertising has a role to play here.
4. **To announce a price change:** Price is used as key variable at times to boost sales. Reduced prices or discounts available on products become a matter of advertisement. For example, in Mumbai MAROO sells moulded luggage at discounts ranging from 10-25 per cent.
5. **To announce a new pack:** Advertisement in illustrations and photos identify a pack when a pack design is changed the whole personality of the product changes. So this is announced through advertising.
6. **To make a special offer:** There are gifts and premiums that go with the product.  
There are introductory offers. There is a special offer in slack season.
7. **To invite enquiries:** Most industrial advertisements and many consumer product advertisements (especially of services) bring forth enquiries from potential customers. Coupons are generally employed to bring the enquiries.
8. **To sell direct:** Mail order selling of books, sports goods, textiles, gift items, transistors etc. is conducted through pamphlets called direct mailings.
9. **To test a medium:** Couponed advertisement placed in an untried media tests the effectiveness-of that media.
10. **To announce the location of stockiest:** The list of dealers appended to an advertisement supports the dialers’ selling efforts.
11. **To obtain stockists:** This is a pull strategy. The consumers demand an advertised product from the retailers. These in turn approach the wholesalers, who then solicit agency from the company. This strategy is very much successful for new products. However, for other products, which are not available, it is not wise to advertise them.
12. **To educate’ customers:** We come across both informative and persuasive ad-vertising. The informative variety is more acceptable such a copy is educative it gives explanation about & product or service. People need education about air travel, foreign jaunts, packaged tours and tourist places.
13. **To maintain sales:** Advertising continues for the whole life of a product. Introductory advertising is of course heavy. But then to maintain sales, moderate advertising is necessary. Absence Of’ total advertising may lead to extinction, of a product.
14. **To challenge competition:** A campaign may be designed to take on the competitor. Such challenges may be in the form of sales promotion methods or a comparison by a competitor of your product with his product.
15. **To remind:** though it sounds like sales maintenance, it is somewhat distinct. Small items like milk, bread toffees, chocolates, éclairs, blades, tea etc. are purchased repeatedly in small units. Reminder advertising asks the buyers to stick to the same brand; it also encourages the re-purchases of the brand. Slogans and jingles are a great help here. Sometimes this genre makes up our mind or a particular brand whose need may arise in future. Mentally, we say I will buy such and such brand of TV. Reminder advertisement makes one stick to this decision. Most outdoor and transit advertising including that on Marine Drive, on BEST buses and suburban trains are of this type.
16. **To get back lost sales:** Sometimes a company reduces advertising abruptly and suffers a loss in terms of sales. Again we will have to arrange a special campaign to get back the lost sales. Mail advertising is used for trade. Special SP methods are used.
17. **To please stockiest:** The goods must move from shelf. There should be rapid turnover of stock, since the margins are small. It is like re-using the capital. Advertising thus helps the stockiest to achieve this. It makes them inclined to make the shelf space available. Direct mails are used to sell in, and consumer advertising and SP are used to sell out.

18. **To please the sales force:** Effective advertisement improves the moral of the sales force. Advertising support also supplements their selling efforts.
19. **To recruit staff:** Advertising is a source of recruitment. It may be a small classified advertisement or a prominent display advertisement.
20. **To attract investors:** Financial advertising has come of age. There are special agencies who handle this. It makes you favourable towards an investment or a donation. It gives the details of returns on this investment or the social benefits of the donation. Share and securities issues are floated with sound advertisement support
21. **To export:** Media abroad are quite different. There are trade fairs etc. International advertising requires expert guidance. Export advertising without market research and media research can be a costly failure.
22. **To announce trading results:** it is also financial advertising. Extracts of chairman's speech are published in the media. In a way, he is announcing the financial results. The speech is well edited and well illustrated.

Advertisement interacts directly with other- elements of marketing mix. It is basically a communication's to achieve marketing objectives. It is meant to bring something deliberately to the - notice of someone else - this is the semantic truth of the word, which comes from the french word avertir, to notify Nicoll - Advertising is one element of the integrated marketing effort. The relative importance of the advertising would depend on: types of the products and form of marketing



**In the above given advertisement try and find out the specific reason of advertising.**

**Let us Concentrate on Benefits of Advertising**

It is true that it pays to advertise. Advertising is a constructive activity. It helps the manufacturers to keep down the production costs by giving them economies of scale resulting from increased sale and hence increased production. It helps them to

use the un-used capacity by stimulating demand. Advertising informs the consumers about the salient features and availability of the products.

- Advertising gives an image to the products of the manufacturers. In the market place, really speaking it is not the products, which compete, but the product images, which compete.
- Advertising pre-sells the products to distributors and so it is supportive to a salesman's visit.
- Advertising is an essential part of total promotional mix and promotion is an important part of the marketing mix.
- Advertising makes a psychological impact on the consumers and so gives them greater satisfaction on the use of products. People buy not a lip-stick, but the concept of an out-going, gorgeous, passionate woman. They also do not buy a computer but a solution to their complex problems. Thus what the product really stands for it is made known to us through advertising. Charms cigarettes thus stand for freedom.
- Advertising affects our attitudes and values. It projects an image of self, which we aspire to. Advertising of life-style is making our target audience respond to it positively. Who would not like to be fun loving, outward-oriented, young socialites sailing in a group on sea, enjoying and Thumps Up which is Toofani Thunda?
- Advertisement thus gives all the benefits to manufacturer by selling – directly or indirectly. It can create a new demand, stimulate an existing demand, or even destroy a demand. Much of its value is drawn from its positive impact on demand function.
- Advertising makes distribution easier. It also reduces distributor's cost. They sell a highly advertised brand at a lesser price, and so a lesser margin. It builds up repeat sales for distributors. Remember how Photophone industries created market for their new product launch: HOT SHOT camera by an effective advertising campaign. The words Khatak, Khatak' and the slogan just aim and shoot' still linger in our memory.
- Advertising renders invaluable help in launching new products. It has been proved time and again. Balearic's PROMISE was launched successfully against Colgate's monopoly of this market, thanks to imaginative advertising. Recently. BABOOL has repeated history. Even Vicco Vajrandnti became established as a herbal product of 'ayurvedic jadibuti' and 'kudrat's anmol khazana' by advertising.

The wholesaler and retailer find it easier to sell an advertised product. Good Knight Mosquito Repellent Heater and mats were successfully sold by all retailers, thanks to heavy and effective commercials and press advertising.

- Advertising benefits the customers. They come to know about the products and product information. They get the information about the product availability.
- Advertising makes mass distribution possible. Advertising makes the consumers aspire to higher and higher things in life making this life a saga of continuous struggle to acquire what we don't have. It expands the markets.

- Advertising creates markets for new products. It makes us aware of new uses of old products. Consumer gets post – purchase satisfaction. Because there is advertising, consumer gets a wide choice. It makes competitive economy possible.

**Now let us see advertising benefits from manufacturers, consumers, salesman and society point of view.**

As all of us know that Advertising plays an important role in the developing economy of India. The main benefits of advertising from.

**A. Advertising and Manufacturers:**

There is justification in the adage, 'it pays to advertise', because of the following advantages enjoyed by the advertiser i.e. manufacturer or producer:

1. **Increased Sales** – the main objective of any advertiser is to increase the sale volume of the product by increasing, or creating the demand of the product. Goods produced on mass scale are not or cannot be sold at their own. The new product should be introduced to the consumers so that they can have knowledge about the product and may think to purchase it. So mass persuasion is necessary and done through advertising. By repeating advertising, the manufacturers are not only retain the existing sales but they can expand the market for their products by attracting new consumers to their products and by suggesting new uses for them. It can help achieving the main objective of the business i.e. minimum cost and maximum profits by multiplying the sales volume through advertising.
2. **Steady Demand** – The sales volume once attained by dint of advertising should be established through repeated advertising. Regular and frequent advertising helps to ensure a more loyal cliental and more regular and even flow of sales by keeping the name, location, products and services of the selling house constantly before the public.  
  
Advertising also smoothen the seasonal demand of many products by suggesting alternative uses of the product to the public so that it gives up its seasonal character and the demand prevails and over the whole year. The innovation of cold coffee cold tea for use during summer has helped in increasing the demand of these beverages evening that season.
3. **Quick Turnover and Smaller Inventories:** A well-organized advertising campaign creates a highly responsive market, which in turn ensures faster and greater turnover of the goods. This, in turn, results in lower inventories in relation to sales being carried on by the manufacturers. It reduces investment in working capital and increases the profitability of the concern.
4. **Lower Costs** – Advertising leads to lower costs of marketing and production due to increased volume of sales. As the turnover gets increased in volume and pace, the distribution or marketing cost is averaged low because of savings in warehousing, transportation and order cost. It also reduces the per unit cost of advertising.

The increase in the sales volume necessitates increased volume of production thus resulting in lowering the average cost of production due to reduction in various overheads.

5. **Greater Dealer Interest** – The dealers (retailers as well as wholesalers) who sell advertised goods are greatly assisted by the advertisement made by the manufacturers. Advertising creates demand of the product, which is shared by every retailer without spending a penny on advertisement. It is not much bothered about pushing up the sales of goods already advertised by the manufacturers. So, they evince more interest in advertised products. There is one more reason for dealer interest. As the consumer knows much about the product before he/she enters a shop, the dealer is not required to persuade the customer for selling the product. Thus, advertising by manufacturers pays to dealers also and manufacturer is benefited by it.
6. **Creation of Goodwill** – Advertising creates goodwill for the manufacturers of quality products because of constantly associating the name of the manufacturers with the standard products. Goodwill is a valuable asset for the business and he may get advantage of this asset while introducing a new product in the market with confidence as well as in getting more and more orders for the existing products. Tata, D.C.M. Godrej, Modi, Birla, etc. all sell the whole range of their products only on the strength of their goodwill.
7. **It Controls Product Prices** – By means of advertisement, the whole sale and retail prices can be controlled to a great extent because the greedy wholesalers and retailers do not dare overcharge the needy customers which they can do if the company does not advertise the price of the product. The manufacturers have to face trouble of dwindling sales by the activities of swindlers if they, do not announce or print the retail price for the consumers. By advertising the prices in the newspaper or on radio or television or printing it on the wrappers of the product, the manufacturer saves the consumers from being exploited by the retailers and thus saves his/her own interest also.

**B. Advertising and Sales Force**

Advertising and personal selling are two aspects of promotional strategy. They are interrelated, inseparable and supplementary to each other. Advertising supports the sales-force of the company in the following manner:

1. **It creates a colourful background** – A salesman may be well-trained, active, tactful and versatile in his mission of distribution. Salesmanship is alone like singing without accompaniment of orchestra. Background music makes even lifeless song lively, attractive and melodious. Thus, in marketing the product, background music is provided by the advertising. Thus advertisement assists the sales force amply as it creates a fertile ground to sow the seeds to reap the rich harvest in the form of increased volume of sales. In this way, advertising prepares the necessary background for the efforts of salesman. When a salesman visits the prospective customers, he has just to converse for a product with which the consumer may already have been familiarized.
2. **Advertising Curtails the Burden of Tedious Job** – Without Advertising, the task of salesman becomes irksome and difficult and he has to bear the burden of his task plus the task of publicity and advertising. It, then, becomes a sort of mono-acting. Publicity introduces the product, arouses



interest in the prospective buyers and creates confidence in them. Salesman when meets the customer, finds a ground well prepared by the advertising. It makes his task quite easier and simpler. The advertising supplements and supplants his functioning and makes the work of salesman more productive.

### C. Advertising and Consumers:

The ultimate aim of marketing of goods is to satisfy the needs of the ultimate customer. The advertising is a means towards this end. Advertising helps the consumers in the following ways :

#### 1. A Guiding Force in Making Purchase Decisions –

Advertising helps the consumers in taking decisions regarding the merits and demerits of various products of the kind, special features like prices, quality etc., of products from various producers because advertising disseminates useful information regarding products of different manufacturers. In this way, it guides the customer to go in for a particular product. A number of varieties in the market creates confusion in the minds of the consumer and he is to make a choice out of them by using the information made available to him through advertisement.

#### 2. Improvement in Quality –

Goods are generally advertised under brand names. When an advertisement appears in the brand name, it imprints an image of the product on the mind of the consumer that it would be better than the other brands of the same goods available in the market. If the use of the product advertised confirms his expectation, a repeat order can be expected. It will, thus, earn a favourable and nice reputation for the manufacturer resulting in more and more attraction of customers. The customer recognizes the goods with the brand name as, every brand stands for a quality; it is a mark of value, a symbol of guarantee and reasonable price. The manufacturer's, thus prompted to maintain and, if possible, improve the quality of his brand so that the confidence of the customers can be maintained. On the other hand, if the quality of the brand does not confirm to customer's expectation, brand will lose its market very soon. So advertiser is very sincere in maintaining and improving the quality of the product.

#### 3. Elimination of Unnecessary Intermediaries –

By advertising the goods, a manufacturer comes in the direct touch of the customers. On the basis of improved quality, the manufacturer gets reputation in the market. In this process, the number of middlemen whose margins increase the price, are reduced. It benefits manufacturer and consumers both. On the one hand, it will increase the profits for the manufacturer and on the other hand, will reduce the prices of goods for the consumers.

#### 4. Education of consumers –

There is truth in saying that advertising is an educational and dynamic principle. Advertising aims at educating the buyers about new and new products and their alternative uses. It will, thus, bring in new ways of life to the people at large and prompt them to give up their old habits and inertia. Advertising, thus, paves the way to better standard of living.

#### 5. Better quality goods at cheaper prices –

As we have discussed earlier that advertising ensures better and improved quality of goods to consumers. It also assures the better quality goods at cheaper rates to consumers because –

- i. Mass advertised goods are produced and distributed in large quantity and thus bring reduction in production and distribution costs to producer
  - ii. Unnecessary middlemen are eradicated from the channel of distribution.
- #### 6. Consumers' surplus –
- Advertising increases the utility of the product. It points out and emphasizes the quality of the product and leads consumers to appreciate more strongly the utility of such goods. As such, the consumers may be willing to pay even more for certain products, which appear to have higher utility to them. If these products are available at original prices, there will naturally be certain amount of consumers' surplus in terms of increased satisfaction or pleasure derived from these products.

### D. Advertising and Society:

The merits of advertising to the society can be discussed under following heads :

1. **Existence of the press –** At the beginning of advertising, advertisement generally occupied some odd nooks and corners in the newspapers. But the present situation is just the reverse. Modern civilization is sustained by the press and the press is sustained by advertisements. Journals, newspapers, magazines, periodicals etc., all look to advertisement for their support and sustenance. Now the whole press exists only due to the funds generated by the advertising. The cost of production of newspaper etc. would have been much higher in the absence of income from advertising.
2. **Change in Motivation –** Advertising has completely changed the basis of human motivation. While in the past, people were much worried about the bare necessities of life and they lived and worked for them but now the whole emphasis has shifted to provide for themselves, the comforts, luxuries and semi-luxuries. Thus the motive force of fear (of going without necessities of life) has been replaced by desire (to possess more and more newer products).
3. **Better standard of living –** Advertising has been an effective tool contributing tremendously in raising the standard of living of the masses. Advertising creates a desire of possessing better and newer items through the education of buyers for better standard of living. Advertising gives a start and direct stimuli to consumer, which in turn lays pressure on production not only to produce more but also to produce better and quality products and services of varied nature.
4. **Encouragement to research –** Advertising encourages research and discovery of new products or new uses for existing products because it (advertising) assures their marketing and sufficient profits to manufacturers. If manufacturer is not assured of marketing his new product at

sufficient profits, he will not undertake the research work for discovering new products or new uses of existing products.

5. **Gainful employment opportunities** – Advertising provides gainful employment opportunities to a number of people directly or indirectly. Direct employment opportunities are available in specialized jobs requiring the services of experts and talented persons like artists, photographers, painters, writers, singers, actors, musicians, pressmen, executives and managing agencies etc. Indirectly, it helps to create employment avenues, as it stimulates production of goods by creating, sustaining and extending demand for different goods and services.
6. **Encouragement of Artists** – As the advertising requires the services of a number of artists such as actors, story-writers, musicians, singers, photographers etc., they always get or have an opportunity to do some creative work to make the advertisement attractive and valuable for those whom it is meant for while earning their livelihood by putting ideas in them while designing of advertisements.
7. **Glimpse of national life** – Advertising acts as a mirror of nation life, which shows the country's way of life. It is, in fact, a running commentary of the way the people live and behave and thus reflects the customs, habits etc. of the countrymen. It may be looked as an indicator of some of the future trends in this regard.

Thus, it can be concluded from the foregoing discussions that it pays to advertise and the money spent on advertisement is not a waste but it is an investment that pays for long because it creates demand of the product by educating the consumers' public through dissemination of various types of information. It results in more production of quality goods at lower costs and to make them available at cheaper rates to the public. It provides ample opportunities of gainful employment to a big section of public. In this way, it plays an important role in the economic and social life of the country.

So as to see the importance of advertising just go through this article by Jordan Larsen:

### The Importance of Advertising

Advertising in any city explains a great deal about its culture. The way the residents look at certain issues, their common beliefs and values, and their quarrels come through in advertising. Salt Lake complies with every other city on this matter. When one looks at the advertising in Salt Lake, one will notice a dichotomy that presents itself. There are two major forces in Salt Lake City, one is the dominant religion, and the other is the average American. Advertising's purpose is to show the dichotomy between the two different forces in Salt Lake, and it does quite well.

The dominant religion believes that drinking and smoking are wrong, while the average American believes that these activities are acceptable. On most every point this division occurs, thus creating a dichotomy between the inhabitants of the city. Advertising plays on this rift continually. It does this by usually using satire against one party or the other. For example, Wasatch Brewery has Provo Girl Beer, and all of the billboards have phrases similar to, "oh my heck", and words akin to "fetch". Expressing that if you use these words, this beer is not for you.

The separation between the two groups in Salt Lake creates a dynamic atmosphere in the city. This division makes the city unique, and advertising promotes that uniqueness. If one knew about Salt Lake, and then came here, the advertising would be one of the first experiences they would have of Salt Lake. The advertising would show them the aspect of the city that visitors usually overlook. They will understand the difference between the two groups, and in turn understand Salt Lake better.

The place of advertising in Salt Lake is the same as anywhere else. It shows the true character of the city. It does not lie; it does not cheat, but tells the truth about the city. It shows the city as it is, with no cover-ups.

### Students let us see the Functions of Advertising or Role of Advertising in Modern World

To start with let us first discuss Economic Function

All that advertisement has to do is to sell a product or service. This the advertisement accomplishes by communicating properly and effectively, by communicating the right message, put across through brilliant and persuasive language, making use of appeals to different human motives. Advertisements sometimes do the sales job in a subtle and direct manner. They incline us favourably to the products, they affect our attitudes. **So advertising performs the economic function by being an art of persuasions.** It is also helped by a science of layout, visualization, print reproduction, special effects on films etc. Advertising has created wide markets. Sales information is conveyed to millions of people far and wide. This makes mass production and mass distribution possible. Advertising establishes a direct rapport with the buyers, with no middlemen in the way.

Advertising is a subject of study in journalism, mass communication and management schools. It is a profession which employs both creative and non-creative persons—persons as account executives, media planners, art directors, administrative heads, 'copywriters' etc. It indirectly gives employment to a host of other functionaries like commercial artists, media employees, studio people, freelancers, street-walkers and talkers, radio and TV announcers, jingle singers, video production unit and what not. Advertising is also an economic process it helps the products to become known, to facilitate ultimately an exchange between those who need the products and those who can satisfy this need. Advertising is: "in fact a part of marketing mix consisting of Four its {Product, Price, Promotion and Place}.

Advertising not only markets the products, but also a corporate ethos, a corporate philosophy by giving memorable corporate stories reaching deeper into the public-psyché than a bare recitation of performance statistics.

### Now let us understand the Social Function:

Advertising has affected not the core cultural values but the subsidiary cultural. Let's start with the help of an example like to get married is a core cultural value. Advertising cannot effectively change it by telling people that you do not marry. Yes, to marry late and not at an early age is a subsidiary cultural value. Advertising can definitely affect it. It can persuade people to marry late.



Advertisement is a mirror of the society in which it operates. It reflects the cultural values of that society.

In fact you will notice that some people argue that advertising debases our cultural standards. There are many factors, which affect culture and get affected by them like schools, colleges, families, museums, churches etc. Successful advertising is consistent with the cultural values of a given society. Yes, it can transfer some cultural values of one society to another society at a given point of time. Its cross-cultural impact will depend upon the universalisation of appeal.

Advertising has improved our standards of living. We have realised how comfortable we could be in presence of AC, pressure pans and cookers, compact discs (CD's) and music systems, autos and two-wheelers, polyesters and popcorns, ball-point pens and antibiotics. We have used these articles after getting interested in them through advertising. We've accepted some new ideas like microwave cooking, electric shaving; bucket washing through detergents etc. through advertising. All of us know that it has created new markets. It has contributed to our standard of living substantially.

Whenever we are talking about getting the new product into the market it is with the help of advertising we are confident; confidence about its function, quality, price and availability. Advertising promises a quality, and forces manufacturers to live up to the promised, quality. So advertisement brings out consumer welfare by two-fold method:

1. By improving standard of living.
2. By improving product quality.

Advertisements for social causes like cancer prevention, Anti dowry campaign, family planning etc. make us socially responsible. It also protects consumers by educating them and by forcing the manufacturers to maintain a quality and be fair.

**Above all advertising respects the ethics of the prevalent society.**

Students let us see what kind of **Psychological** impact it has on us.

Advertising is closely linked to consumer behavior. So it affects personality of the consumer, his concept of self, his attitudes, beliefs and opinions, his life cycle and life-style etc. Advertising appeals to our physiological and psychological motives. The appeals may be rational or emotional.

Notes

## LESSON 4 :

### ARTICLE DISCUSSION AND A DEBATE

Go through this article and then we will have a discussion on this.

Advertising Vs. Public Relations **From Apryl Duncan,**

Looking to enter the world of public relations? Get ready to shatter some popular myths.

Many people (maybe even your boss) don't know the difference between advertising and PR.

In advertising, you can use a lot of over the edge techniques. But PR requires a little more restraint.

Think of advertising as your brother. He's a party animal and everyone thinks he's cool.

On the other hand, you're more refined. You don't stay out late and hardly ever deviate from the norm.

Part of the problem is that advertisements can pretty much say what they want. The company is paying for the ad space.

As a PR professional, your job is to get free publicity. You're responsible for getting the company's name out there with no hype, just news.

The challenge is clear but once you take the field, you're ready to tackle an exciting career in PR. And you won't be bored either.

You'll be writing press releases, organizing news conferences and producing company newsletters. You'll even be a liaison between the media and your company.

PR doesn't stop there. There's a whole list of functions you'll be taking on, such as: public speaking, being interviewed on radio/TV, attending conferences, exhibitions and trade shows, arranging press launches, organizing opening days or visits to the plant and premises, coordinating studio and location photography and acting as the client's spokesperson.

As you can see, you have to be a jack-of-all trades. So make sure you are suited for PR.

You need to be a sponge. Make the most of your time and on-the-job training. Listen, observe and learn everything you can.

Be a grasshopper. You'll be handling several different projects at once so you have to be multi-task oriented. You have to give each project 100 percent of your attention without neglecting the other projects.

Show your colors. Be a chameleon. You better like people. You'll be dealing with them a lot. And you have to adapt to any situation and be open-minded at all times.

Learn how to dance. No, not literally. You must have energy and stamina. There will be many nights you're rundown and burning the midnight oil but you'll still have to keep that smile on your face.

Long live the king! You're the court jester. Nobody's calling you a fool, but you'll be the one generating ideas so be prepared to advise the king.

You don't need all of these traits but a little bit of each will be helpful. Once you organize your first press conference or speak to a TV reporter about your new product, you'll know you made the right decision when you entered PR.

Lets do little bit of mental exercise.

Q1. Mr. Ravi Sharma is the Managing Director and Vice President (South Asia) of which telecom major?

- Alcatel
- Nokia
- Vodafone
- Panasonic

Q2. "Who says we're No. 1?" - which newspaper brand is using this headline?

- The Times of India
- Hindustan Times
- The Telegraph
- The Indian Express

Q3. Which ad agency currently handles the Indian account of Ray-Ban?

- Bates
- Capital
- Rediffusion-DY&R
- RK Swamy / BBDO

Q4. The print advertisement of which sunscreen brand carries the baseline-"Total sun control"?

- Lakme
- Garnier
- Ayur
- EverYuth

Q5. Which private bank major has launched 'Woman's Account' - a new zero-balance savings account scheme for women?

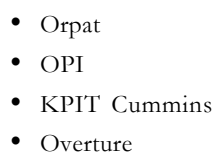
- ICICI Bank
- HDFC
- Citibank
- HSBC


Q6. Which petroleum major has roped Formula Asia champion N Karthikeyan as its brand ambassador?

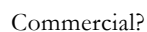
- BPCL
- IOC
- HPCL
- IBP

- Q8. Which Indian shoes major is planning to enter real estate development business after suffering huge losses for last two consecutive years?

- Q9  Identify the logo?



Q10.  Watch and identify the Television



- Maaza
- Slice
- Mirinda
- Fanta

Finally lets form groups and have debate on “is advertising a waste”.

## Notes

## LESSON 5:

## ROLE OF ADVERTISING WITHIN MARKETING MIX, WITHIN PROMOTIONAL MIX

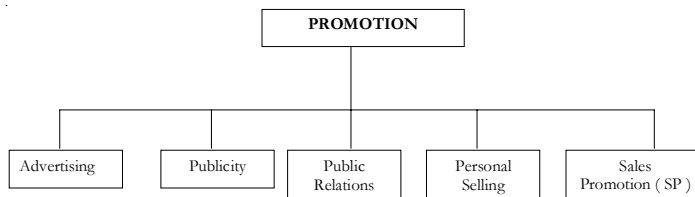
**Objective**

By the end of this session I expect all you to be in a state where you know the difference between all the elements of promotional mix along with role of advertising within the marketing mix.



In our previous lesson we have discussed about advantages and disadvantages of advertising along with its purpose and I think it was quite easy for you to understand with the help of an article. Now let us try and answer few questions which are there, in our mind, but are not clear at times for example: Is advertising different from marketing? Advertising, public relation, publicity, sales promotion means the same and are they performing the same functions. Gradually we will be discussing all these questions in our discussion.

**Let me tell you that advertising** is a part of broader marketing activity which is nothing but the satisfaction of consumer needs through exchange of needs satisfying products. The four pillars of marketing are: product, price, promotion and place. They are called the marketing mix or the four P's of marketing. These are under our control. Now advertising is a part of promotion. The total promotional mix is:



**Fig. of Promotional Mix**

Now if we talk about the effectiveness of advertising it is dependent upon how best the promotion mix has been arranged and how best the total marketing mix is managed. As all of us see that Advertising is a funny business because it is not only a business – it is half a business, quarter a profession and quarter an art,

Do you know who is David Ogilvy?



He is the Goliath of advertising believes in producing advertising that sells.

He says:

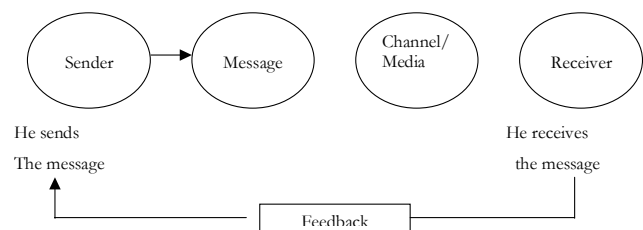
“When I write an advertisement, I don’t want you to tell me that you find it creative. I want you to find it so interesting that you buy the product.”

**Don’t you think so that whatever he said holds true in all the cases for advertising**

Let us briefly understand Advertising As A Communication Tool but in the subsequent sessions we will be covering it in detail.

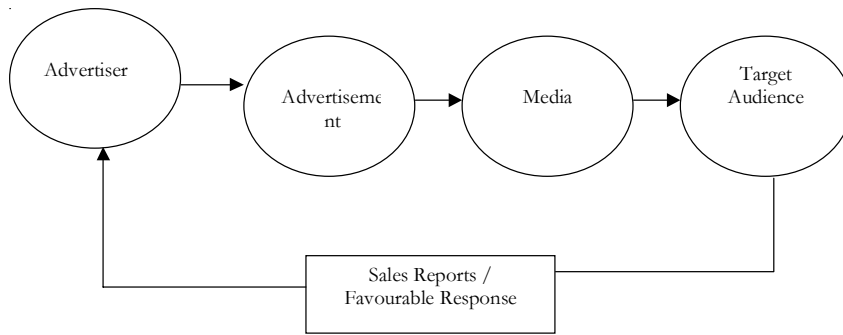
Advertising essentially is a tool of communication for marketing. In communication process, the sender sends a message through some medium so that it reaches the receiver. The transmission of message from a sender to a receiver is the backbone of any communication process. The end result of the communication process is the understanding of the message. In communication, we are trying to share information, ideas or an opinion. The message is sent through certain channels or media. The response to the message is known by receiving the feedback from the receiver. The whole process is diagrammatically represented below:

It shows the response of the receiver



**Fig of Communication Process**

When we are talking about advertising communication it is basically marketing communication. The sender is the advertiser. The message is the printed advertisement or brochure of a TV commercial or a radio spot. The media used are newspapers, magazines, TV and outdoors. The receivers are the target audience of the product. The favourable response to a product is the feedback. The sales report also form the feedback. **The following diagram illustrates communication process for advertising:**



From the communication point of view let us look into the elements:

### Advertising/Marketing Communication

The following elements are involved in advertising communication:

- **Advertiser:** An advertiser could be an individual or an organization, which wants to communicate with a target audience. The communication is about the products and services offered by the advertiser.
- **Advertisement:** An advertisement message is meant for information. It goes beyond it, and tries to make people favourably inclined towards the product. It may ask people to act on the message. To do so, an advertisement uses the persuasive power of appeals –both rational and emotional.
- **Media:** The channels of communication are the media. They convey the ad message to the target audience. The most commonly used media are newspapers. Magazines, radio, TV and outdoors. Each medium has its own strengths and weaknesses.
- **Target Audience:** The readers of print media, or the listeners of radio or the viewers of TV make the audience. The product may be for mass consumption or for a targeted audience of the total consumers. Audience could be of users, non-users and potential users.



Try and relate this advertisement with the communication process given above

### Students we should move on to the Role Of Advertising In The Marketing Mix

I hope by now all of you know what is marketing.

As far as Marketing is concerned it is used to offer want satisfying products and services to the consumers. An organization prepares its marketing plan and sets its marketing objectives. To achieve these objectives, an organization has to concentrate on four variables identified by McCarthy called product, place, price and

promotion. These variables are within the control of the organization. They are popularly called '4P's of marketing and they constitute the marketing mix. An ideal mix of these four variables enables an organization to achieve its marketing objectives.

This means that an organization must develop the right product and offer it through a distribution network suitable to the organization, nature of the product and its market segment. The product should be priced properly and promoted with a suitable promotional strategy. The marketing mix is diagrammatically given on next page.

Let us study each element of the marketing mix.

- **Product:** In marketing a product is defined broadly. It includes goods, services, ideas, places and persons. A product is defined in terms of its core benefits. Thus, a tonic is not just a mumbo-jumbo of some exotic chemicals but something that provides us good health.
- **Place:** It refers to the distribution channels through which the product is made available. Thus we can buy coke either from a grocery store or a coke fountain of a supermarket. All these are channels. We can get cash at the teller counter of the bank or at an ATM.
- **Price:** what is price? It is the exchange value of the product. It is expressed in terms of money. There is price – quality relationship that assumes a particular level of quality at particular price point.

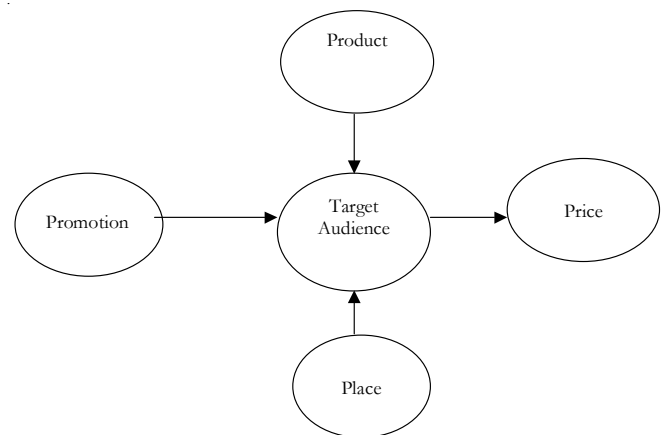


Fig. of Marketing Mix

- **Promotion:** Promotion itself is a broad term, as we have already observed. It consists of advertising, personal selling,

sales promotion, public relations and publicity. All these elements of the promotion mix are balanced in such a way that the promotional objectives are achieved.

### **Advertising is an element of promotion which itself is an element of the marketing mix.**

Let us concentrate on Advertising and Marketing Mix

As we have been discussing, that advertising is an element of promotion, which in turn is an element of marketing mix does affects the other elements of marketing mix. Let us study this relationship.

- **Advertising and Product:** Advertising makes buyer aware of the product at the time of its introduction. Advertising at later stages informs the buyers about its features and attributes and the benefits it offers. Advertising facilitates the growth of the product, and also helps it when its sales decline. Advertising also makes us favourably inclined towards products. Some products have aspirational value. We aspire to have an MBA degree or an Esteem car or an UK trip. Advertising of such products aspires us to work towards getting these products. Even a package is a part of the product. A package does not have merely storage and protectional value. It also plays an important role in the salability of the product. Many sales promotional schemes like money – off, coupon pack etc. are related to the package.
- **Advertising and Place:** Place refers to the various channels through which products are made available. Advertising creates a pull demand. Consumers demand and advertised product at the retail counter. The retailers then contact the wholesalers. The wholesalers then order the products from the manufacturers or marketers. Thus advertising has the power to pull the product till it reaches the final consumer.
- **Advertising and Price:** Price is an important consideration in buying decisions. We compare prices before buying. Indian consumers are price conscious. Price also indicates product quality. Marketers have to adopt a right pricing policy. Advertising highlights the price, price-and-quality relationship, economical nature or premium nature of the product and charges in prices.
- **Advertising and Promotion:** As marketers, we have to balance the promotion mix consisting of advertising, publicity, personal selling and sales promotion. There should be co-ordination between all these elements of promotion. Advertising does create conducive environment for personal selling. Publicity and public relations improve the credibility of our advertising.

### **What do you think is there any difference between advertising and other promotional tools?**

On a piece of paper write down the difference between advertising vis-a-vis other promotional tools and then let's move ahead.

Let's try focus first on the definition of advertising, publicity and propaganda then try and distinguish them from each other.

### **Advertising**

By now it is clear to all of you that it is a cost effective method of carrying our message to the target audience. In other words, advertising is planned and created to carry the message effectively. It is both a science as well as an art. Now in business, more-often the object of advertising is to sell but it is not a direct sale. It sells indirectly by influencing the target audience. It is a form of mass communication. For achieving its objective, good advertisements require a back up of research. Advertisements increase the turnover and profitability if used rightly.

### **Propaganda**

Let us see the literal meaning of propagate it means to spread, as we spread seeds in a garden or we propagate ideas, doctrines and gospels.

It is basically one-sided communication. Propaganda's effect is indoctrination. It is emotional but it could be sincere. We can promote the idea of hygiene by propaganda- but to, promote Lifebuoy we have to use advertising. Propaganda is the means of making known in order to gain support for an opinion, creed or belief. Like advertising, propaganda is biased in favour of the thing being promoted. Generally, we come across political propaganda, and accept it as such depending upon our own conception regarding who is right. Propaganda can be shorn of bias while promoting intellectual, environmental and sociological aspects, but it is difficult to do so.

### **Publicity**

We can say that Publicity is a planned effort to maintain a rapport between the organizations and its environment. Publicity is not directly paid for, by the organization. This is not to suggest that publicity is always free of cost or cheaper than advertising. Publicity pertains to news items, conferences, seminars, awards, prizes, cover features, interviews etc. all aiming at promoting the organization and its products. Publicity is more comprehensive than advertising. Publicity's motive is to create a favourable climate for the organization whereas advertising is having a narrower objective of selling.

I think all of you are clear with the meaning of advertising, publicity and propaganda

### **Let's move on to the difference between Advertising And Personal Selling**

Advertising is communication with many consumers of products and services, to communicate with a large group, we put the advertising message through mass media communication. Advertising communication is non-personal. We communicate with the buyers through the media. There is no face-to-face conversation. Personal selling is personal communication where a salesman talks person to person with a prospect. Advertising aims at a group i.e., mass while personal selling aims at individuals. Personal selling is not mass communication but individual communication. These days' products are mass-produced for mass consumption. It is not possible to contact each customer individually. Therefore advertising a mass communication tool is a must for modern marketer. But industrial products and complex pieces of machineries can be sold better by personal selling where the salesman is in a position to tailor their messages according to unique characteristics of each prospect. In modern marketing, the marketing



manager decides a judicious mix of advertising, however salespersons receive immediate feedback during their interacting and can see how their messages are getting across. They may therefore, adjust the message or presentation quickly.

When we are discussing about Personal selling it is a very intense means of communication. People may skip an advertisement on TV but find it difficult to dismiss a salesperson. It is the most effective communication tool as it is inter personal. But this is its major weakness as well as strength. It is terribly inefficient for mass-market producers, where advertising a mass communication tool scores over it.

#### Secondly lets take up Advertising and Sales Promotion

Advertising predisposes a person favourably for a product/service/idea moving him towards its purchase. Sales Promotion takes over at this point. It makes the consumer take a favourable purchase decision by providing one or other kind of direct inducement, e.g., discount, price off, gift, coupon etc. Mostly advertising is indirectly concerned with sales. It either informs or persuades or reminds about a product or service. Most of the times, it is indirect in its approach and has a long-term perspective, e.g., building up a company image or brand image. Sales Promotion is a short-term objective. It is an important adjunct to selling. Advertising is more frequent and repetitive than Sales Promotion. Sales Promotion is non-recurrent selling efforts. They supplement the advertising and personal selling. Displays are effective method of sales promotion. Contests are also another effective methods of sales promotion.

Next to be discussed is Advertising and Publicity. Publicity is defined as non-personal stimulation of demand for a product/service/ business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of it on radio, TV or stage that is not paid for by the sponsor.

#### There are two significant distinctions which all of you should know related to Publicity

- Firstly it is not openly paid for.
- Secondly, presentation is not programmed.

Marketers have less control over publicity than they have over advertising. Publicity is left to the discretion of the media in terms of whether to present it or not, contents of presentation and the format of presentation. Publicity may be negative as well as positive.

#### Finally lets see the difference between Advertising and Public Relations

The ultimate aim of Public Relations is to develop a favourable image in the eyes of the public. It refers to a company's communications and relationships with various sections of the public – customers, suppliers, shareholders, employees, governments, and media society at large. PR can be formal or informal. PR, unlike advertising, is personal.

Advertising is not the only form of persuasive communication. Very closely allied to advertising are sales promotion and public relations. In fact both are important parts of advertising, and are often 'managed' by the same people or agencies or depart-

ments. All three are vital to the 'marketing' of a product, service or idea.

While advertising is termed 'above the-line' communication, sales promotion may be termed 'below-the-line' communication. The ultimate goal of all three is to sell products, services, reputations, projects, programmes, people, politicians, beliefs, ideas – indeed everything and anything.

#### The institute of Public Relations, London, defines Public Relations as “the deliberate, planned and sustained effort to establish and maintain understanding between an organization and its public.”

Public Relations is low-cost compared to advertising, for the publicity obtained, say in the press, through public relations is not directly paid for. Indirectly, the expenses involve keeping in close touch with people in the media through press conferences, press visits and press releases. Besides, media persons have to be 'entertained,' and some of them expect 'gifts' from companies.

According to Edward L. Bernays, the 'father' of Public Relations, and the author of 'Engineering of Consent,' the phrase Public Relations means, "quite simply, the name of the engineering approach, i.e., action based on thorough knowledge of the situation and on the application of scientific principles and tried practices in the task of getting people to support ideas and programmes."

There are four elements to the mechanics of PR:

1. The message to be transmitted
2. An 'independent' third party endorser to transmit the message
3. A target-audience that it is hoped will be motivated to buy whatever is being sold
4. A medium through which the message is transmitted.

Advertising and PR are different from the point of view of their objectives. Advertising is an aid to selling and it improves the bottom line of business.

PR, which is the business of image management, cannot replace advertising. Of course, PR can in some way push up sales because it changes the way consumers perceive the company and hence the product. Advertising and PR are complementary in most cases but sometimes advertising is not necessary. PR can do the job. If a new manufacturing facility is started by a company, it cannot be advertised. A PR effort is more effective.

PR no doubt is valuable. Edit space is far more important than paid ad space. Of course, what has been achieved by PR must be adequately supported by the product and service. If PR is professionally handled, it can achieve benefits for an organization at a fraction of a cost of advertising.

Advertising has a greater role when we are selling a tangible product. In a service industry, however, PR has a greater role, since the product is intangible.

Advertising and PR can't replace each other. By PR we create a good image. Advertising is necessary to take advantage of that good image for actual selling.

PR has higher degree of credibility since it is not paid for. Advertising, however, creates a brand personality. Only advertisement can add value to a product.

PR has now slowly evolved into an integrated approach called corporate communications.

Please read this article so that all concepts are clear from this lesson.

### **Advertising is one element of marketing mix**

#### **Shunu Sen**

No matter how good the advertising is and how much money is spent on it, the brand's success will also depend on the other elements of the marketing mix such as pricing, packaging, placement and positioning. Without proper market analysis, surveys, pricing and positioning, is it possible for a product to achieve the targeted sales, even if there is an efficient sales team? Is simply releasing an advertisement in the media enough? I have come across several clients saying that they didn't get considerable sales responses/conversions from the advertisement placed through a local advertising agency. Are the clients justified in making such statements? Why do marketers spend money on advertising without doing a proper marketing exercise?

#### **- Santosh B., Kochi**

SANTOSH has raised some pertinent questions, which are often asked by heads of businesses, marketing directors and marketing students. Is marketing all about research, price and positioning (whatever that last word means), or can the brave be successful without doing all that many marketing managers do?

First, let me tell you that in business anyone can be lucky and can meet success by just putting a product in the market. While this is possible and has occasionally happened to a lucky entrepreneur, the simple fact is that depending on luck or someone's good wishes is certainly not the way to succeed in today's competitive market place.

Perhaps, the most important ingredient for success is confidence in one's own product and the determination to succeed.

However, it does help if you understand the consumer, are able to add value to the brand through product development and technology, ensure that the brand is correctly priced, well distributed and merchandised, strongly positioned and effectively advertised to its target consumer.

In short, having a good sales force is an advantage, as is good communication support, but these by themselves are not enough as it is critical to have a strong brand, particularly in terms of satisfying the customers' need with greater value and less cost than one's competitors

My comments above are particularly relevant in the context of your second set of questions. Advertising is just one element of the mix and no matter how good the advertising is and how much money spent, success depends on the other elements of the marketing mix (product, pricing, packaging, placement and positioning) being satisfactory and meeting consumer expectations and needs.

In the case of services and consumer durables, it is critical that the after-sales service is of a high order. Often, it is the after-sales service, which is the key differentiator responsible for the brand choice.

I presume that Santosh works for an advertising agency, which, at least in his view, has demanding and unreasonable clients. This is true. Very often, honest and honourable men who are nice to ladies and would never kick a dog become absolute terrors when they are responsible for their company's advertising. I have never found out why this is so but there is something about advertising, which makes the client unreasonable and obnoxious.

I suspect that there are two main reasons as to why this happens. There is a school of thought that if a large sum of money is spent on advertising, the brand will succeed in the marketplace.

I know of an example where the owner-manager of a company, who has a product in a very competitive market chose to sell his poorly packaged, non-differentiated consumer offering supported with an advertising film which cost half his budget to make, and expected a miracle to take place. It was no surprise that at the end of the year his sales had decreased by 20 per cent and his profits had disappeared almost completely. In this case, all the blame was placed at the door of advertising, and things have gone from bad to worse. Such a person expects a lot from advertising but does not know how to get anything from this activity.

The second type of person who creates problems for his advertising agency and rarely gets good advertising is a person who has no faith in advertising. However, he knows (or has been told by his boss) that he has to advertise in a competitive market but is worried that the advertising will not work or produce any results. Such a person continues to question the process of advertising creation and will not (or cannot) approve an advertisement, as he is not sure whether the advertising will work or not. I had a senior colleague many years ago who had spent much of his working life with the sales department. He had no faith in advertising and spent four years doing and redoing the advertising campaign for a major brand. He was never satisfied and, in the end, ran the agency to the ground as the agency created 53 campaigns during this period. What happened to the brand? The brand halved its market share and profits decreased by 70 per cent.

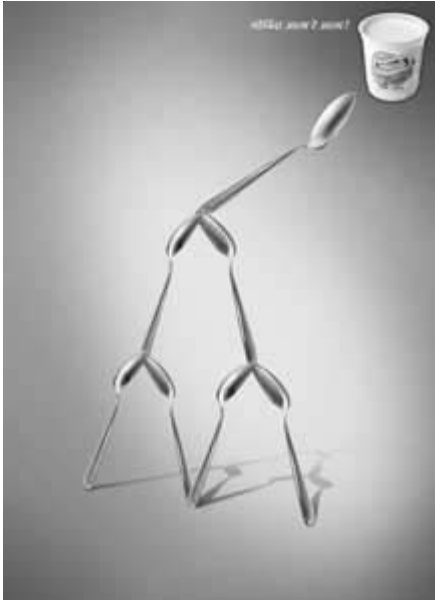
The main problem with marketing professionals is that many of them are not professional about marketing. If they were, Santosh would not be asking the questions that he has asked.

(The author is CEO, Quadra Advisory, a strategic management consultancy. Readers may send in their questions on marketing issues to The Editor, Business Line, 859, Anna Salai, Chennai 600002, or e-mail them to [bleditor@thehindu.co.in](mailto:bleditor@thehindu.co.in).)

## LESSON 6 : COMMUNICATION PROCESS AND ITS MODELS

### Objectives

Students by the end of this session I expect all of you to be clear with communication **and its process then the** main theories of communication. How attitudes are formed. How perception and cognitive dissonance theories affect communication and finally how culture affects communication.



In this lesson we will be covering communication, its process along with different models of it and then why is it important for us to study it in advertising.

Students Firstly you should understand what is communication? then what is the role-played by Communication?

As all of us know that communication is one of the most human of activities. The exchange of thoughts, which characterizes communication, is carried out in the following ways:

- By conversation (still the most popular form of entertainment in the world).
- By the written word (letters, books, magazines and newspapers).
- By pictures (cartoons, television and film).

Engel, Warshaw and Kinnear, in 1994 define Communication as a 'transactional process between two or more parties where by meaning is exchanged through the intentional use of symbols'

I think all of you know that communication actually establishes relationships and makes organizing possible. And we also know that every message has a purpose or objective. The sender intends — whether consciously or unconsciously — to accomplish something by communicating. In organizational

contexts, messages typically have a definite objective: to motivate, to inform, to teach, to persuade, to entertain, or to inspire. This definite purpose is, in fact, one of the principal differences between casual conversation and managerial communication. Effective communication in the organization centers on well-defined objectives that support the organization's goals and mission. Supervisors strive to achieve understanding among parties to their communications.

**When we are discussing about organizational communication** it basically establishes a pattern of formal communication channels to carry information vertically and horizontally \_\_\_\_\_. (The organization chart displays these channels.) To ensure efficient and effective accomplishment of objectives, information is exchanged.

Information is passed upward from employees to supervisors and laterally to adjacent departments. Instructions relating to the performance of the department and policies for conducting business are conveyed downward from supervisors to employees. The organization carries information from within the department back up to top management. Management furnishes information about how things are going, notifies the supervisor of what the problems are, and provides requests for clarification and help. Supervisors, in turn, keep their employees informed and render assistance. Supervisors continually facilitate the process of gaining necessary clarification and problem solving; both up and down the organization. Also, supervisors communicate with sources outside the organization, such as vendors and customers.

**Know let us try and understand the process of communication but before that do this activity.**

### Activity

You have a Korean friend who is working for a cable TV station in Seoul. This company wants to set up a channel showing news and current affairs programs from your country. Your friend has asked you to write to him outlining what programs you think would be best and to give your opinion on the programs' good points and bad points.

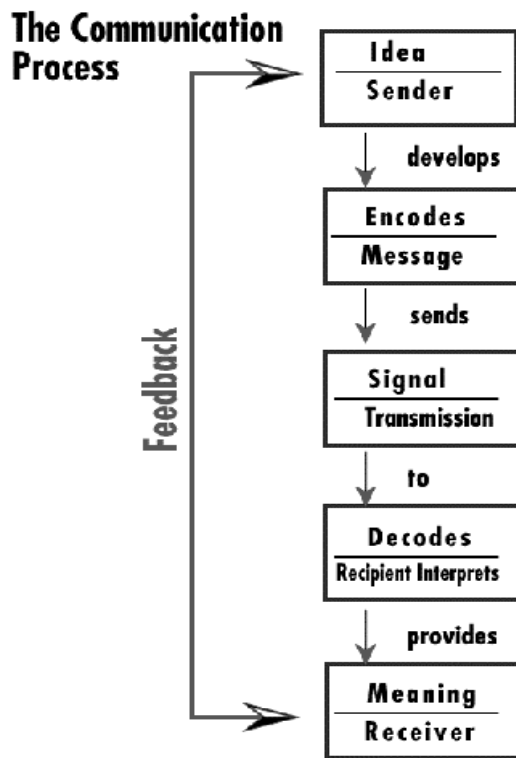
### The Communication Process

**Communication** is the process of passing information and understanding from one person to another.

When we are talking about communication process there are six basic elements:

1. Sender (encoder)
2. Message
3. Channel
4. Receiver (decoder)
5. Noise
6. Feedback

Supervisors can improve communication skills by becoming aware of these elements and how they contribute to successful communication. Communication can break down at any one of these elements.



#### Sender Encodes

Lets start with the sender he/she initiates the communication process. When the sender has decided on a meaning, he or she **encodes** a message, and selects a channel for transmitting the message to a receiver. When we say encode it means to put a message into words or images. The **message** is the information that the sender wants to transmit. The medium is the means of communication, such as print, mass, electrical, and digital. As a sender, the supervisor should define the purpose of the message, construct each message with the receiver in mind, select the best medium, time each transmission thoughtfully, and seek feedback. Words can be verbal - written and spoken. Words are used to create pictures and stories (scenarios) are used to create involvement.

Written communication should be used when the situation is formal, official, or long term; or when the situation affects several people in related ways. Interoffice memos are used for recording informal inquiries or replies. Letters are formal in tone and addressed to an individual. They are used for official notices, formally recorded statements, and lengthy communications. Reports are more impersonal and more formal than a letter. They are used to convey information, analyses, and recommendations. Written communications to groups include bulletin-board notices, posters, exhibits, displays, and audio and visual aids.

I think all of you know that Communication and the need to exchange information are no longer constrained by place and time. Email, voice mail, and facsimile have facilitated communications and the sharing of knowledge. **Email** is the computer transmission and storage of written messages. Voice mail is the transmission and storage of digitized spoken messages. **Facsimile** (fax) is the transmission of documents.

Verbal or spoken communication includes informal staff meetings, planned conferences, and mass meetings. Voice and delivery are important. Informal talks are suitable for day-to-day liaison, directions, exchange of information, progress reviews, and the maintenance of effective interpersonal relations. Planned appointments are appropriate for regular appraisal review and recurring joint work sessions. Planning for an appointment includes preparing, bringing adequate information, and limiting interruptions. Telephone calls are used for quick checkups and for imparting or receiving information.

Teams using information technology have access to information, share knowledge, and construct documents. Meetings take place electronically from multiple locations, saving the organization's resources in both the expenses of physically bringing people from different locations together, and the time lost by employees traveling. **Teleconferencing** is simultaneous group verbal exchanges. Videoconferencing is group verbal and visual exchanges.

I hope the earlier discussed topics are clear to you.

#### For basic understanding of communication lets discuss Nonverbal Communication briefly

By Nonverbal messages we mean images, actions and behaviors used to communicate. Images include photographs, film, charts, tables, graphs, and video. Nonverbal behaviors include actions, body language, and active listening. Actions and body language include eye contact, gestures, facial expressions, posture, and appearance. The effective communicator maintains eye contact for four to five seconds before looking away. Gestures should be natural and well timed. Grooming and dress should be appropriate for the situation. Listening requires good eye contact, alert body posture, and the frequent use of verbal encouragement.

The **channel** is the path a message follows from the sender to the receiver. Supervisors use downward channels to send messages to employees. Employees use upward channels to send messages to supervisors. Horizontal channels are used when communicating across departmental lines, with suppliers, or with customers. An informal channel is the grapevine. It exists outside the formal channels and is used by people to transmit casual, personal, and social interchanges at work. The **grapevine** consists of rumors, gossip, and truthful information. The supervisor should pay attention to the grapevine, but should not depend on it for accurate information.

#### Lets see what does Receiver Decodes mean.

Information technology is revolutionizing the way organizational members communicate. Network systems, electronic links among an organization's computer hardware and software, enable members to communicate instantaneously, to retrieve and share information from anyplace, at anytime. The **receiver** is the person or group for whom the communication



effort is intended. **Noise** is anything that interferes with the communication. Feedback ensures that mutual understanding has taken place in a communication. It is the transfer of information from the receiver back to the sender. The receiver **decodes** or makes out the meaning of the message. Thus, in the feedback loop, the receiver becomes the sender and the sender becomes the receiver.

Before moving on to the theories just go through this article and then we will discuss.

### Models of the Communication Process

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**Draft: February 25, 2004**

(additional papers by Davis Foulger)

#### Abstract

We teach the same models of communication today that we taught forty years ago. This can and should be regarded as a mark of the enduring value of these models in highlighting key elements of that process for students who are taking the process apart for the first time. It remains, however, that the field of communication has evolved considerably since the 1960's, and it may be appropriate to update our models to account for that evolution. This paper presents the classic communication models that are taught in introducing students to interpersonal communication and mass communication, including Shannon's information theory model (the active model), a cybernetic model that includes feedback (the interactive model, an intermediary model (sometimes referred to as a gatekeeper model of the two-step flow), and the transactive model. It then introduces a new ecological model of communication that, it is hoped, more closely maps to the range of materials we teach and research in the field of communication today. This model attempts to capture the fundamental interaction of language, medium, and message that enables communication, the socially constructed aspects of each element, and the relationship of creators and consumers of messages both to these elements and each other.

#### Introduction

While the field of communication has changed considerably over the last thirty years, the models used in the introductory chapters of communication textbooks (see Adler, 1991; Adler, Rosenfeld, and Towne, 1996; Barker and Barker, 1993; Becker and Roberts, 1992; Bittner, 1996; Burgoon, Hunsaker, and Dawson, 1994; DeFleur, Kearney, and Plax, 1993; DeVito, 1994; Gibson and Hanna, 1992; Wood, 2002) are the same models that were used forty years ago. This is, in some sense, a testament to their enduring value. Shannon's (1948) model of the communication process (Figure 1) provides, in its breakdown of the flow of a message from source to destination, an excellent breakdown of the elements of the communication process that can be very helpful to students who are thinking about how they communicate with others. It remains, however, that these texts generally treat these models as little more than a

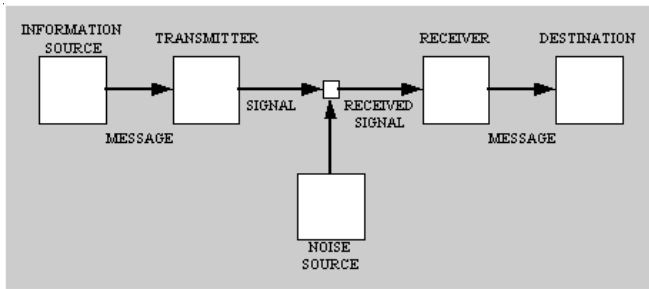
baseline. They rapidly segue into other subjects that seem more directly relevant to our everyday experience of communication. In interpersonal communication texts these subjects typically include the social construction of the self, perception of self and other, language, nonverbal communication, listening, conflict management, intercultural communication, relational communication, and various communication contexts, including work and family. In mass communication texts these subjects typically include media literacy, media and culture, new media, media industries, media audiences, advertising, public relations, media effects, regulation, and media ethics.

There was a time when our communication models provided a useful graphical outline of a semesters material. This is no longer the case. This paper presents the classic models that we use in teaching communication, including Shannon's information theory model (the active model), a cybernetic model that includes feedback (the interactive model, an intermediary model (sometimes referred to as a gatekeeper model of the two-step flow), and the transactive model. Few textbooks cover all of these models together. Mass Communication texts typically segue from Shannon's model to a two-step flow or gatekeeper model. Interpersonal texts typically present Shannon's model as the "active" model of the communication process and then elaborate it with interactive (cybernetic) and transactive models. Here we will argue the value of update these models to better account for the way we teach these diverse subject matters, and present a unifying model of the communication process that will be described as an ecological model of the communication process. This model seeks to better represent the structure and key constituents of the communication process as we teach it today.

#### Shannon's Model of the Communication Process

Shannon's (1948) model of the communication process is, in important ways, the beginning of the modern field. It provided, for the first time, a general model of the communication process that could be treated as the common ground of such diverse disciplines as journalism, rhetoric, linguistics, and speech and hearing sciences. Part of its success is due to its structuralist reduction of communication to a set of basic constituents that not only explain how communication happens, but why communication sometimes fails. Good timing played a role as well. The world was barely thirty years into the age of mass radio, had arguably fought a world war in its wake, and an even more powerful, television, was about to assert itself. It was time to create the field of communication as a unified discipline, and Shannon's model was as good an excuse as any. The model's enduring value is readily evident in introductory textbooks. It remains one of the first things most students learn about communication when they take an introductory communication class. Indeed, it is one of only a handful of theoretical statements about the communication process that can be found in introductory textbooks in both mass communication and interpersonal communication.





**Figure 1:** Shannon's (1948) Model of the communication process.

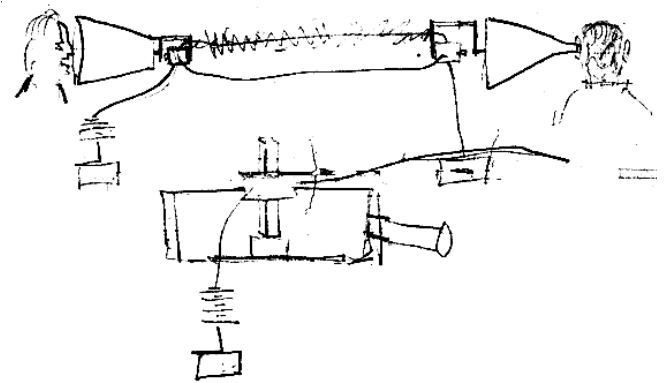
Shannon's model, as shown in Figure 1, breaks the process of communication down into eight discrete components:

1. An **information source**. Presumably a person who creates a message.
2. The **message**, which is both sent by the information source and received by the destination.
3. A **transmitter**. For Shannon's immediate purpose a telephone instrument that captures an audio signal, converts it into an electronic signal, and amplifies it for transmission through the telephone network. Transmission is readily generalized within Shannon's information theory to encompass a wide range of transmitters. The simplest transmission system, that associated with face-to-face communication, has at least two layers of transmission. The first, the mouth (sound) and body (gesture), create and modulate a signal. The second layer, which might also be described as a channel, is built of the air (sound) and light (gesture) that enable the transmission of those signals from one person to another. A television broadcast would obviously include many more layers, with the addition of cameras and microphones, editing and filtering systems, a national signal distribution network (often satellite), and a local radio wave broadcast antenna.
4. The **signal**, which flows through a channel. There may be multiple parallel signals, as is the case in face-to-face interaction where sound and gesture involve different signal systems that depend on different channels and modes of transmission. There may be multiple serial signals, with sound and/or gesture turned into electronic signals, radio waves, or words and pictures in a book.
5. A carrier or **channel**, which is represented by the small unlabeled box in the middle of the model. The most commonly used channels include air, light, electricity, radio waves, paper, and postal systems. Note that there may be multiple channels associated with the multiple layers of transmission, as described above.
6. **Noise**, in the form of secondary signals that obscure or confuse the signal carried. Given Shannon's focus on telephone transmission, carriers, and reception, it should not be surprising that noise is restricted to noise that obscures or obliterates some portion of the signal within the channel. This is a fairly restrictive notion of noise, by current standards, and a somewhat misleading one. Today we have

at least some media which are so noise free that compressed signals are constructed with an absolutely minimal amount of information and little likelihood of signal loss. In the process, Shannon's solution to noise, redundancy, has been largely replaced by a minimally redundant solution: error detection and correction. Today we use noise more as a metaphor for problems associated with effective listening.

7. A **receiver**. In Shannon's conception, the receiving telephone instrument. In face to face communication a set of ears (sound) and eyes (gesture). In television, several layers of receiver, including an antenna and a television set.
8. A **destination**. Presumably a person who consumes and processes the message.

Like all models, this is a minimalist abstraction of the reality it attempts to reproduce. The reality of most communication systems is more complex. Most information sources (and destinations) act as both sources and destinations. Transmitters, receivers, channels, signals, and even messages are often layered both serially and in parallel such that there are multiple signals transmitted and received, even when they are converged into a common signal stream and a common channel. Many other elaborations can be readily described. It remains, however, that Shannon's model is a useful abstraction that identifies the most important components of communication and their general relationship to one another. That value is evident in its similarity to real world pictures of the designs of new communication systems, including Bell's original sketches of the telephone, as seen in Figure 2.



**Figure 2:** Bell's drawing of the workings of a telephone, from his original sketches (source: Bell Family Papers; Library of Congress; <http://memory.loc.gov/mss/mcc/004/0001.jpg>)

Bell's sketch visibly contains an information source and destination, transmitters and receivers, a channel, a signal, and an implied message (the information source is talking). What is new, in Shannon's model (aside from the concept of noise, which is only partially reproduced by Bell's batteries), is a formal vocabulary that is now generally used in describing such designs, a vocabulary that sets up both Shannon's mathematical theory of information and a large amount of subsequent communication theory. This correspondence between Bell's sketch and Shannon's model is rarely remarked (see Hopper, 1992 for one instance).

Shannon's model isn't really a model of communication, however. It is, instead, a model of the flow of information through a medium, and an incomplete and biased model that is far more applicable to the system it maps, a telephone or telegraph, than it is to most other media. It suggests, for instance, a "push" model in which sources of information can inflict it on destinations. In the real world of media, destinations are more typically self-selecting "consumers" of information who have the ability to select the messages they are most interested in, turn off messages that don't interest them, focus on one message in preference to other in message rich environments, and can choose to simply not pay attention. Shannon's model depicts transmission from a transmitter to a receiver as the primary activity of a medium. In the real world of media, messages are frequently stored for elongated periods of time and/or modified in some way before they are accessed by the "destination". The model suggests that communication within a medium is frequently direct and unidirectional, but in the real world of media, communication is almost never unidirectional and is often indirect.

#### Derivative Models of the Communication Process

One of these shortcomings is addressed in Figure 2's intermediary model of communication (sometimes referred to as the gatekeeper model or two-step flow (Katz, 1957)). This model, which is frequently depicted in introductory texts in mass communication, focuses on the important role that intermediaries often play in the communication process. Mass communication texts frequently specifically associate editors, who decide what stories will fit in a newspaper or news broadcast, with this intermediary or gatekeeper role. There are, however, many intermediary roles (Foulger, 2002a) associated with communication. Many of these intermediaries have the ability to decide what messages others see, the context in which they are seen, and when they see them. They often have the ability, moreover, to change messages or to prevent them from reaching an audience (destination). In extreme variations we refer to such gatekeepers as censors. Under the more normal conditions of mass media, in which publications choose some content in preference to other potential content based on an editorial policy, we refer to them as editors (most mass media), moderators (Internet discussion groups), reviewers (peer-reviewed publications), or aggregators (clipping services), among other titles. Delivery workers (a postal delivery worker, for instance) also act as intermediaries, and have the ability to act as gatekeepers, but are generally restricted from doing so as a matter of ethics and/or law.

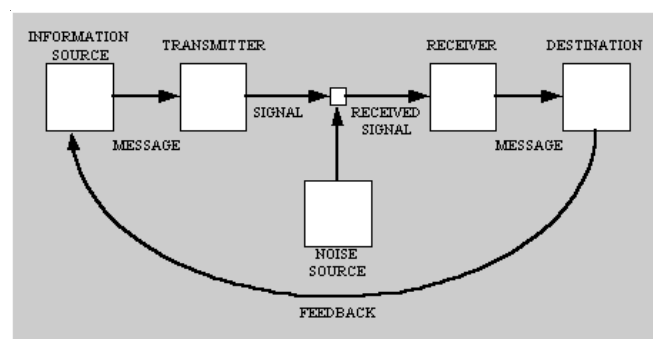


**Figure 3:** An Intermediary Model.

Variations of Figure 3's gatekeeper model are also used in teaching organizational communication, where gatekeepers, in the form of bridges and liaisons, have some ability to shape the organization through their selective sharing of information. These variations are generally more complex in depiction and often take the form of social network diagrams that depict the interaction relationships of dozens of people. They network

diagrams often presume, or at least allow, bi-directional arrows such that they are more consistent with the notion that communication is most often bidirectional.

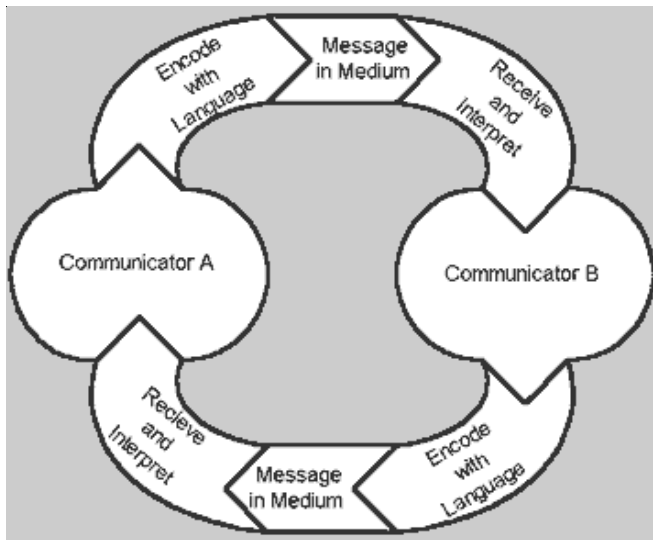
The bidirectionality of communication is commonly addressed in interpersonal communication text with two elaborations of Shannon's model (which is often labeled as the action model of communication): the interactive model and the transactive model. The interactive model, a variant of which is shown in Figure 4, elaborates Shannon's model with the cybernetic concept of feedback (Weiner, 1948, 1986), often (as is the case in Figure 4) without changing any other element of Shannon's model. The key concept associated with this elaboration is that destinations provide feedback on the messages they receive such that the information sources can adapt their messages, in real time. This is an important elaboration, and as generally depicted, a radically oversimplified one. Feedback is a message (or a set of messages). The source of feedback is an information source. The consumer of feedback is a destination. Feedback is transmitted, received, and potentially disruptable via noise sources. None of this is visible in the typical depiction of the interactive model. This doesn't diminish the importance of feedback or the usefulness of elaborating Shannon's model to include it. People really do adapt their messages based on the feedback they receive. It is useful, however, to notice that the interactive model depicts feedback at a much higher level of abstraction than it does messages.



**Figure 4:** An Interactive Model.

This difference in the level of abstraction is addressed in the transactional model of communication, a variant of which is shown in Figure 5. This model acknowledges neither creators nor consumers of messages, preferring to label the people associated with the model as communicators who both create and consume messages. The model presumes additional symmetries as well, with each participant creating messages that are received by the other communicator. This is, in many ways, an excellent model of the face-to-face interactive process which extends readily to any interactive medium that provides users with symmetrical interfaces for creation and consumption of messages, including notes, letters, C.B. Radio, electronic mail, and the radio. It is, however, a distinctly interpersonal model that implies an equality between communicators that often doesn't exist, even in interpersonal contexts. The caller in most telephone conversations has the initial upper hand in setting the direction and tone of a telephone call than the receiver of the call (Hopper, 1992). In face-to-face head-complement interactions, the boss (head) has considerably more freedom (in terms

of message choice, media choice, ability to frame meaning, ability to set the rules of interaction) and power to allocate message bandwidth than does the employee (complement). The model certainly does not apply in mass media contexts.



**Figure 5:** A Transactional Model.

The “masspersonal” (xxxxx, 199x) media of the Internet through this implied symmetry into even greater relief. Most Internet media grant everyone symmetrical creation and consumption interfaces. Anyone with Internet access can create a web site and participate as an equal partner in e-mail, instant messaging, chat rooms, computer conferences, collaborative composition sites, blogs, interactive games, MUDs, MOOs, and other media. It remains, however, that users have very different preferences in their message consumption and creation. Some people are very comfortable creating messages for others online. Others prefer to “lurk”; to freely browse the messages of others without adding anything of their own. Adding comments to a computer conference is rarely more difficult than sending an e-mail, but most Internet discussion groups have many more lurkers (consumers of messages that never post) than they have contributors (people who both create and consume messages). Oddly, the lurkers sometimes feel more integrated with the community than the contributors do (Baym, 2000).

#### A New Model of the Communication Process

Existing models of the communication process don’t provide a reasonable basis for understanding such effects. Indeed, there are many things that we routinely teach undergraduates in introductory communication courses that are missing from, or outright inconsistent with, these models. Consider that:

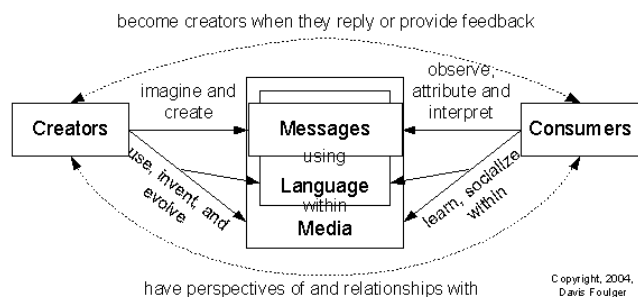
- we now routinely teach students that “receivers” of messages really “consume” messages. People usually have a rich menu of potential messages to choose from and they select the messages they want to hear in much the same way that diners select entrees from a restaurant menu. We teach students that most “noise” is generated within the listener, that we engage messages through “selective attention”, that one of the most important things we can do to improve our

communication is to learn how to listen, that mass media audiences have choices, and that we need to be “literate” in our media choices, even in (and perhaps especially in) our choice of television messages. Yet all of these models suggest an “injection model” in which message reception is automatic.

- we spend a large portion of our introductory courses teaching students about language, including written, verbal, and non-verbal languages, yet language is all but ignored in these models (the use of the term in Figure 5 is not the usual practice in depictions of the transactive model).
- we spend large portions of our introductory courses teaching students about the importance of perception, attribution, and relationships to our interpretation of messages; of the importance of communication to the perceptions that others have of us, the perceptions we have of ourselves, and the creation and maintenance of the relationships we have with others. These models say nothing about the role of perception and relationship to the way we interpret messages or our willingness to consume messages from different people.
- we spend large portions of our introductory courses teaching students about the socially constructed aspects of languages, messages, and media use. Intercultural communication presumes both social construction and the presumption that people schooled in one set of conventions will almost certainly violate the expectations of people schooled in a different set of expectations. Discussions of the effects of media on culture presume that communication within the same medium may be very different in different cultures, but that the effects of the medium on various cultures will be more uniform. Existing general models provide little in the way of a platform from which these effects can be discussed.
- when we use these models in teaching courses in both interpersonal and mass communication; in teaching students about very different kinds of media. With the exception of the Shannon model, we tend to use these models selectively in describing those media, and without any strong indication of where the medium begins or ends; without any indication of how media interrelate with languages, messages, or the people who create and consume messages without addressing the ways in which they are. While these media describe, in a generalized way, media,

The ecological model of communication, shown in Figure 6, attempts to provide a platform on which these issues can be explored. It asserts that communication occurs in the intersection of four fundamental constructs: communication between people (creators and consumers) is mediated by messages which are created using language within media; consumed from media and interpreted using language. This model is, in many ways, a more detailed elaboration of Lasswell’s (1948) classic outline of the study of communication: “Who ... says what ... in which channel ... to whom ... with what effect”. In the ecological model, the “who” are the creators of messages, the “says what” are the messages, the “in which channel” is elaborated into languages (which are the content of channels) and media (which channels are a component of), the “to whom” are the

consumers of messages, and the effects are found in various relationships between the primitives, including relationships, perspectives, attributions, interpretations, and the continuing evolution of languages and media.



**Figure 6: A Ecological Model of the Communication Process**

A number of relationships are described in this model:

1. Messages are created and consumed using language
2. Language occurs within the context of media
3. Messages are constructed and consumed within the context of media
4. The roles of consumer and creator are reflexive. People become creators when they reply or supply feedback to other people. Creators become consumers when they make use of feedback to adapt their messages to message consumers. People learn how to create messages through the act of consuming other peoples messages.
5. The roles of consumer and creator are introspective. Creators of messages create messages within the context of their perspectives of and relationships with anticipated consumers of messages. Creators optimize their messages to their target audiences. Consumers of messages interpret those messages within the context of their perspectives of, and relationships with, creators of messages. Consumers make attributions of meaning based on their opinion of the message creator. People form these perspectives and relationships as a function of their communication.
6. The messages creators of messages construct are necessarily imperfect representations of the meaning they imagine. Messages are created within the expressive limitations of the medium selected and the meaning representation space provided by the language used. The message created is almost always a partial and imperfect representation of what the creator would like to say.
7. A consumers interpretation of a messages necessarily attributes meaning imperfectly. Consumers interpret messages within the limits of the languages used and the media those languages are used in. A consumers interpretation of a message may be very different than what the creator of a message imagined.
8. People learn language by through the experience of encountering language being used within media. The languages they learn will almost always be the languages when communicating with people who already know and use those languages. That communication always occurs within a medium that enables those languages.

9. People learn media by using media. The media they learn will necessarily be the media used by the people they communicate with.
10. People invent and evolve languages. While some behavior expressions (a baby's cry) occur naturally and some aspects of language structure may mirror the ways in which the brain structures ideas, language does not occur naturally. People invent new language when there is no language that they can be socialized into. People evolve language when they need to communicate ideas that existing language is not sufficient to.
11. People invent and evolve media While some of the modalities and channels associated with communication are naturally occurring, the media we use to communicate are not.

The model picks up its name in the intersection of these relationships. Communication is described here as an emergent ecology of interdependent elements.

## Discussion

This section will discuss how the media can be used to organize courses in Interpersonal and Mass Communication.

The author has found considerable value in this model in organizing and teaching classes in Interpersonal, Mass, and Organizational communication. In Interpersonal Communication classes the model has shown considerable value in tying such diverse topics as listening, relationship development, miscommunication, and perception and attribution to a consistent view of the process of communication. In an Organizational Communication class the model has shown considerable value in showing the ways in which different theoretical models of organizational communication have developed from one another and relate to one another. In Media Criticism classes the model has proved invaluable as a way of organizing varied critical methods within a single model.

## Conclusion: Heuristic and Theoretical Value

This paper is intended to briefly review the primary models of communication we use in teaching students and What is hoped is new is the integration of many threads to create a more systematic view of the relationship of both language and media to messages and communication.

It is hoped, however, that the primary value of the model will be theoretical. As a field, communication encompasses a wide range of very different and largely unintegrated theories and methods. Context-based gaps in the field like the one between mass media and interpersonal communication have been equated to those of "two sovereign nations," with "different purposes, different boundaries", "different methods", and "different theoretical orientations" (Berger and Chaffee, 1988), causing at least some to doubt that the field can ever be united by a common theory of communication (Craig, 1999). It may be that complex model of the communication process that bridges the theoretical orientations of interpersonal, organizational, and mass media perspectives can help to bridge this gap and provide something more than the kind of metamodel that Craig calls for. Defining media directly into the process of



communication may help to provide the kind of substrate that would satisfy Cappella's (1991) suggestion we can "remake the field by altering the organizational format", replacing contexts with processes that operate within the scope of media. This perspective does exactly that. The result does not integrate all of communication theory, but it may provide a useful starting point on which a more integrated communication theory can be built. The construction of such theory is the author's primary objective in forwarding this model for your comment and, hopefully, your response.

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[illegible]This image shows a vertical rectangular sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it is resting on a surface.

## LESSON 7: COMMUNICATION PROCESS AND ITS MODELS

### Objectives

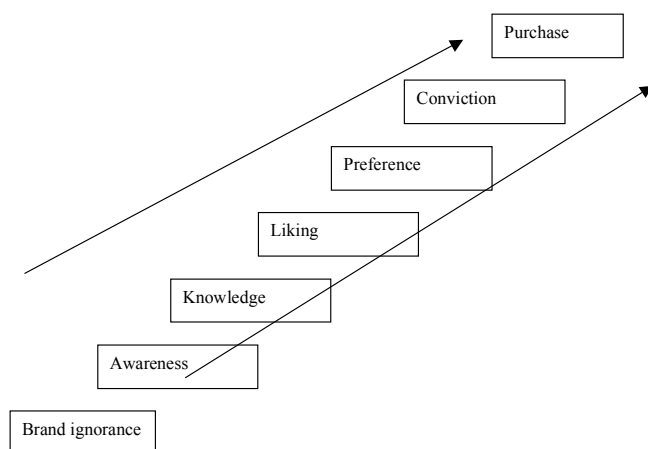
Students by the end of this session I expect all of you to be clear with theories of communication along with the their application in the practical world.



The articles, which we have covered in our last class had Shannon model discussed in it and the rest of them will be discussing now.

### Lets start with hierarchy of communication effects

Can you create impact at once through Communication, the answer would be no. It is basically through series of communications that will help you to move the recipient up a 'ladder' of effects, as shown in below mentioned figure, at the bottom of the ladder are those consumers who are completely unaware of the product in question. At the top of the ladder are those who actually purchase the product.



**Fig. The hierarchy of communication effects**

Students you should understand one of the problems with the hierarchy of communication effects is that it implies that the process is invariably linear. This is not necessarily the case: an individual can become aware of a product and form an instant liking for it, without having detailed knowledge of the product and form an instant liking for it, without having detailed knowledge of the product. Equally, it is perfectly possible for a consumer to buy a product on impulse and form an opinion about it afterwards. I think even you would have experienced it.

Lets not ignore that the hierarchy of effects model is helpful in planning communications campaigns, since different communications methods and styles can be used according to the consumer's position on the hierarchy model. For example, when a new product is introduced or a product is introduced into a new market, at first, few of the target audience will know anything about it. Establishing the brand name in the market is therefore a realistic first move in the communications process.

As every thing has a positive as well as negative side we have discussed the positive side lets move on to the negative side of it.

### Ten things wrong with the 'Effects Model'

This article is published in Roger Dickinson, Ramaswani Harindranath & Olga Linné, eds (1998), *Approaches to Audiences – A Reader*, published by Arnold, London. It is a different version of an article which first appeared as 'Introduction: Why no clear answers on media effects?', in Tony Charlton & Kenneth David, eds (1997), *Elusive Links: Television, Video Games, Cinema and Children's Behaviour*, Park Published Papers, London. It has become something of a cliché to observe that despite many decades of research and hundreds of studies, the connections between people's consumption of the mass media and their subsequent behaviour have remained persistently elusive. Indeed, researchers have enjoyed an unusual degree of patience from both their scholarly and more public audiences. But the time comes when we must take a step back from this murky lack of consensus and ask - why? Why are there no clear answers on media effects?

There is, as I see it, a choice of two conclusions which can be drawn from any detailed analysis of the research. The first is that if, after over sixty years of a considerable amount of research effort, direct effects of media upon behaviour have not been clearly identified, then we should conclude that they are simply not there to be found. Since I have argued this case, broadly speaking, elsewhere (Gauntlett, 1995a), I will here explore the second possibility: that the media effects research has quite consistently taken the wrong approach to the mass media, its audiences, and society in general. This misdirection has taken a number of forms; for the purposes of this chapter, I will impose an unwarranted coherence upon the claims of all those who argue or purport to have found that the mass media will commonly have direct and reasonably predictable effects

upon the behaviour of their fellow human beings, calling this body of thought, simply, the 'effects model'. Rather than taking apart each study individually, I will consider the mountain of studies - and the associated claims about media effects made by commentators - as a whole, and outline ten fundamental flaws in their approach.

### 1. The effects model tackles social problems 'backwards'

To explain the problem of violence in society, researchers should begin with that social violence and seek to explain it with reference, quite obviously, to those who engage in it: their identity, background, character and so on. The 'media effects' approach, in this sense, comes at the problem backwards, by starting with the media and then trying to lasso connections from there on to social beings, rather than the other way around.

This is an important distinction. Criminologists, in their professional attempts to explain crime and violence, consistently turn for explanations not to the mass media but to social factors such as poverty, unemployment, housing, and the behaviour of family and peers. In a study which did start at what I would recognise as the correct end - by interviewing 78 violent teenage offenders and then tracing their behaviour back towards media usage, in comparison with a group of over 500 'ordinary' school pupils of the same age - Hagell & Newburn (1994) found only that the young offenders watched less television and video than their counterparts, had less access to the technology in the first place, had no particular interest in specifically violent programmes, and either enjoyed the same material as non-offending teenagers or were simply uninterested. This point was demonstrated very clearly when the offenders were asked, 'If you had the chance to be someone who appears on television, who would you choose to be?

'The offenders felt particularly uncomfortable with this question and appeared to have difficulty in understanding why one might want to be such a person... In several interviews, the offenders had already stated that they watched little television, could not remember their favourite programmes and, consequently, could not think of anyone to be. In these cases, their obvious failure to identify with any television characters seemed to be part of a general lack of engagement with television' (p. 30).

Thus we can see that studies, which take the perpetrators of actual violence as their first point of reference, rather than the media, come to rather different conclusions (and there is certainly a need for more such research). The point that effects studies take the media as their starting point, however, should not be taken to suggest that they involve sensitive examinations of the mass media. As will be noted below, the studies have typically taken a stereotyped, almost parodic view of media content.

In more general terms, the 'backwards' approach involves the mistake of looking at individuals, rather than society, in relation to the mass media. The narrowly individualistic approach of some psychologists leads them to argue that, because of their belief that particular individuals at certain times in specific circumstances may be negatively affected by one bit of media, the removal of such media from society would be a positive

step. This approach is rather like arguing that the solution to the number of road traffic accidents in Britain would be to lock away one famously poor driver from Cornwall; that is, a blinkered approach which tackles a real problem from the wrong end, involves cosmetic rather than relevant changes, and fails to look in any way at the 'bigger picture'.

### 2. The effects model treats children as inadequate

The individualism of the psychological discipline has also had a significant impact on the way in which children are regarded in effects research. Whilst sociology in recent decades has typically regarded childhood as a social construction, demarcated by attitudes, traditions and rituals which vary between different societies and different time periods (Ariés, 1962; Jenks, 1982, 1996), the psychology of childhood - developmental psychology - has remained more tied to the idea of a universal individual who must develop through particular stages before reaching adult maturity, as established by Piaget (e.g. 1926, 1929). The developmental stages are arranged as a hierarchy, from incompetent childhood through to rational, logical adulthood, and progression through these stages is characterised by an 'achievement ethic' (Jenks, 1996, p. 24).

In psychology, then, children are often considered not so much in terms of what they can do, as what they (apparently) cannot. Negatively defined as non-adults, the research subjects are regarded as the 'other', a strange breed whose failure to match generally middle-class adult norms must be charted and discussed. Most laboratory studies of children and the media presume, for example, that their findings apply only to children, but fail to run parallel studies with adult groups to confirm this. We might speculate that this is because if adults were found to respond to laboratory pressures in the same way as children, the 'common sense' validity of the experiments would be undermined.

In her valuable examination of the way in which academic studies have constructed and maintained a particular perspective on childhood, Christine Griffin (1993) has recorded the ways in which studies produced by psychologists, in particular, have tended to 'blame the victim', to represent social problems as the consequence of the deficiencies or inadequacies of young people, and to 'psychologize inequalities, obscuring structural relations of domination behind a focus on individual "deficient" working-class young people and/or young people of colour, their families or cultural backgrounds' (p. 199). Problems such as unemployment and the failure of education systems are thereby traced to individual psychology traits. The same kinds of approach are readily observed in media effects studies, the production of which has undoubtedly been dominated by psychologically-oriented researchers, who - whilst, one imagines, having nothing other than benevolent intentions - have carefully exposed the full range of ways in which young media users can be seen as the inept victims of products which, whilst obviously puerile and transparent to adults, can trick children into all kinds of ill-advised behaviour.

This situation is clearly exposed by research which seeks to establish what children can and do understand about and from the mass media. Such projects have shown that children can talk intelligently and indeed cynically about the mass media

(Buckingham, 1993, 1996), and that children as young as seven can make thoughtful, critical and 'media literate' video productions themselves (Gauntlett, 1997).

### 3. Assumptions within the effects model are characterised by barely-concealed conservative ideology

The systematic derision of children's resistant capacities can be seen as part of a broader conservative project to position the more contemporary and challenging aspects of the mass media, rather than other social factors, as the major threat to social stability today. American effects studies, in particular, tend to assume a level of television violence which - as Barrie Gunter shows in this volume - is simply not applicable in other countries such as Britain. George Gerbner's view, for example, that 'We are awash in a tide of violent representations unlike any the world has ever seen... drenching every home with graphic scenes of expertly choreographed brutality' (1994, p. 133), both reflects his hyperbolic view of the media in America and the extent to which findings cannot be simplistically transferred across the Atlantic. Whilst it is certainly possible that gratuitous depictions of violence might reach a level in American screen media which could be seen as unpleasant and unnecessary, it cannot always be assumed that violence is shown for 'bad' reasons or in an uncritical light. Even the most obviously 'gratuitous' acts of violence, such as those committed by Beavis and Butt-Head in their eponymous MTV series, can be interpreted as rationally resistant reactions to an oppressive world which has little to offer them (see Gauntlett, 1997).

The condemnation of generalised screen 'violence' by conservative critics, supported by the 'findings' of the effects studies - if we disregard their precarious foundations - can often be traced to concerns such as 'disrespect for authority' and 'anti-patriotic sentiments' (most conspicuously in Michael Medved's well-received *Hollywood vs. America: Popular Culture and the War on Traditional Values* (1992)). Programmes which do not necessarily contain any greater quantity of violent, sexual or other controversial depictions than others, can be seen to be objected to because they take a more challenging socio-political stance (Barker, 1984, 1989, 1993). This was illustrated by a study of over 2,200 complaints about British TV and radio which were sent to the Broadcasting Standards Council over an 18 month period from July 1993 to December 1994 (Gauntlett, 1995c). This showed that a relatively narrow range of most complained-of programmes were taken by complainants to characterise a much broader decline in the morals of both broadcasting in particular and the nation in general.

This view of a section of the public is clearly reflected in a large number of the effects studies which presume that 'antisocial' behaviour is an objective category which can be observed in numerous programmes and which will negatively affect those children who see it portrayed. This dark view is constructed with the support of content analysis studies which appear almost designed to incriminate the media. Even today, expensive and avowedly 'scientific' content analyses such as the well-publicised US National Television Violence Study (Mediascope, 1996; run by the Universities of California, North Carolina, Texas and Wisconsin), for example, include odd tests such as whether violent acts are punished within the same scene - a strange

requirement for dramas - making it easier to support views such as that 'there are substantial risks of harmful effects from viewing violence throughout the television environment' (p. ix). [Footnote: Examination of programmes in full, sensibly also included in this study, found that 'punishments occur by the end of the program (62%) more often than not for bad characters', however (Mediascope, 1996, p. 15). Despite this finding, and the likelihood that a number of the remaining 38% would be punished in subsequent programmes, much is made of the finding that 'violence goes unpunished (73%) in almost three out of four scenes' (point repeated on p. x, p. 15, p. 25; my emphasis)]. This study also reflects the continuing willingness of researchers to impute effects from a count-up of content.

### 4. The effects model inadequately defines its own objects of study

The flaws numbered four to six in this list are more straightforwardly methodological, although they are connected to the previous and subsequent points. The first of these is that effects studies have generally taken for granted the definitions of media material, such as 'antisocial' and 'prosocial' programming, as well as characterisations of behaviour in the real world, such as 'antisocial' and 'prosocial' action. The point has already been made that these can be ideological value judgements; throwing down a book in disgust, smashing a nuclear missile, or - to use a Beavis and Butt-Head example - sabotaging activities at one's burger bar workplace, will always be interpreted in effects studies as 'antisocial', not 'prosocial'.

Furthermore, actions such as verbal aggression or hitting an inanimate object are recorded as acts of violence, just as TV murders are, leading to terrifically (and irretrievably) murky data. It is usually impossible to discern whether very minor or extremely serious acts of 'violence' depicted in the media are being said to have led to quite severe or merely trivial acts in the real world. More significant, perhaps, is the fact that this is rarely seen as a problem: in the media effects field, dodgy 'findings' are accepted with an uncommon hospitality.

### 5. The effects model is often based on artificial studies

Since careful sociological studies of media effects require amounts of time and money which limit their abundance, they are heavily outnumbered by simpler studies which are usually characterised by elements of artificiality. Such studies typically take place in a laboratory, or in a 'natural' setting such as a classroom but where a researcher has conspicuously shown up and instigated activities, neither of which are typical environments. Instead of a full and naturally-viewed television diet, research subjects are likely to be shown selected or specially-recorded clips which lack the narrative meaning inherent in everyday TV productions. They may then be observed in simulations of real life presented to them as a game, in relation to inanimate objects such as Bandura's famous 'bobo' doll, or as they respond to questionnaires, all of which are unlike interpersonal interaction, cannot be equated with it, and are likely to be associated with the previous viewing experience in the mind of the subject, rendering the study invalid.

Such studies also rely on the idea that subjects will not alter their behaviour or stated attitudes as a response to being observed or

questioned. This naive belief has been shown to be false by researchers such as Borden (1975) who have demonstrated that the presence, appearance and gender of an observer can radically affect children's behaviour.

#### **6. The effects model is often based on studies with misapplied methodology**

Many of the studies, which do not rely on an experimental method, and so may evade the flaws mentioned in the previous section, fall down instead by applying a methodological procedure wrongly, or by drawing inappropriate conclusions from particular methods. The widely-cited longitudinal panel study by Huesmann, Eron and colleagues (Lefkowitz, Eron, Walder & Huesmann, 1972, 1977), for example, has been less famously slated for failing to keep to the procedures, such as assessing aggressivity or TV viewing with the same measures at different points in time, which are necessary for their statistical findings to have any validity (Chaffee, 1972; Kenny, 1972).

[Footnote: A longitudinal panel study is one in which the same group of people (the panel) are surveyed and/or observed at a number of points over a period of time]. The same researchers have also failed to adequately account for why the findings of this study and those of another of their own studies (Huesmann, Lagerspetz & Eron, 1984) absolutely contradict each other, with the former concluding that the media has a marginal effect on boys but no effect on girls, and the latter arguing the exact opposite (no effect on boys, but a small effect for girls). They also seem to ignore that fact that their own follow-up of their original set of subjects 22 years later suggested that a number of biological, developmental and environmental factors contributed to levels of aggression, whilst the mass media was not even given a mention (Huesmann, Eron, Lefkowitz & Walder, 1984). These astounding inconsistencies, unapologetically presented by perhaps the best-known researchers in this area, must be cause for considerable unease about the effects model. More careful use of the same methods, such as in the three-year panel study involving over 3,000 young people conducted by Milavsky, Kessler, Stipp & Rubens (1982a, 1982b), has only indicated that significant media effects are not to be found.

Another misuse of method occurs when studies which are simply unable to show that one thing causes another are treated as if they have done so. Correlation studies are typically used for this purpose. Their finding that a particular personality type is also the kind of person who enjoys a certain kind of media, is quite unable to show that the latter causes the former, although psychologists such as Van Evra (1990) have casually assumed that this is probably the case. There is a logical coherence to the idea that children whose behaviour is antisocial and disruptional will also have a greater interest in the more violent and noisy television programmes, whereas the idea that the behaviour is a product of these programmes lacks both this rational consistency, and the support of the studies.

#### **7. The effects model is selective in its criticisms of media depictions of violence**

In addition to the point that 'antisocial' acts are ideologically defined in effects studies (as noted in section three above), we can also note that the media depictions of 'violence' which the effects model typically condemns are limited to fictional

productions. The acts of violence which appear on a daily basis on news and serious factual programmes are seen as somehow exempt. The point here is not that depictions of violence in the news should necessarily be condemned in just the same, blinkered way, but rather to draw attention to another philosophical inconsistency which the model cannot account for. If the antisocial acts shown in drama series and films are expected to have an effect on the behaviour of viewers, even though such acts are almost always ultimately punished or have other negative consequences for the perpetrator, there is no obvious reason why the antisocial activities which are always in the news, and which frequently do not have such apparent consequences for their agents, should not have similar effects.

#### **8. The effects model assumes superiority to the masses**

Surveys typically show that whilst a certain proportion of the public feel that the media may cause other people to engage in antisocial behaviour, almost no-one ever says that they have been affected in that way themselves. This view is taken to extremes by researchers and campaigners whose work brings them into regular contact with the supposedly corrupting material, but who are unconcerned for their own well-being as they implicitly 'know' that the effects will only be on 'other people'. Insofar as these others are defined as children or 'unstable' individuals, their approach may seem not unreasonable; it is fair enough that such questions should be explored. Nonetheless, the idea that it is unruly 'others' who will be affected - the uneducated? the working class? - remains at the heart of the effects paradigm, and is reflected in its texts (as well, presumably, as in the researchers' overenthusiastic interpretation of weak or flawed data, as discussed above).

George Gerbner and his colleagues, for example, write about 'heavy' television viewers as if this media consumption has necessarily had the opposite effect on the weightiness of their brains. Such people are assumed to have no selectivity or critical skills, and their habits are explicitly contrasted with preferred activities: 'Most viewers watch by the clock and either do not know what they will watch when they turn on the set, or follow established routines rather than choose each program as they would choose a book, a movie or an article' (Gerbner, Gross, Morgan & Signorielli, 1986, p.19). This view, which knowingly makes inappropriate comparisons by ignoring the serial nature of many TV programmes, and which is unable to account for the widespread use of TV guides and VCRs with which audiences plan and arrange their viewing, reveals the kind of elitism and snobbishness which often seems to underpin such research. The point here is not that the content of the mass media must not be criticised, but rather that the mass audience themselves are not well served by studies which are willing to treat them as potential savages or actual fools.

#### **9. The effects model makes no attempt to understand meanings of the media**

A further fundamental flaw, hinted at in points three and four above, is that the effects model necessarily rests on a base of reductive assumptions and unjustified stereotypes regarding media content. To assert that, say, 'media violence' will bring negative consequences is not only to presume that depictions of violence in the media will always be promoting antisocial behaviour, and that such a category exists and makes sense, as



noted above, but also assumes that the medium holds a singular message which will be carried unproblematically to the audience. The effects model therefore performs the double deception of presuming (a) that the media presents a singular and clear-cut 'message', and (b) that the proponents of the effects model are in a position to identify what that message is.

The meanings of media content are ignored in the simple sense that assumptions are made based on the appearance of elements removed from their context (for example, woman hitting man equals violence equals bad), and in the more sophisticated sense that even in context the meanings may be different for different viewers (woman hitting man equals an unpleasant act of aggression, or appropriate self-defence, or a triumphant act of revenge, or a refreshing change, or is simply uninteresting, or any of many further alternative readings). In-depth qualitative studies have unsurprisingly given support to the view that media audiences routinely arrive at their own, often heterogeneous, interpretations of everyday media texts (e.g. Buckingham, 1993, 1996; Hill, 1997; Schlesinger, Dobash, Dobash & Weaver, 1992; Gray, 1992; Palmer, 1986). Since the effects model rides roughshod over both the meanings that actions have for characters in dramas and the meanings which those depicted acts may have for the audience members, it can retain little credibility with those who consider popular entertainment to be more than just a set of very basic propaganda messages flashed at the audience in the simplest possible terms.

#### 10. The effects model is not grounded in theory

Finally, and underlying many of the points made above, is the fundamental problem that the entire argument of the 'effects model' is substantiated with no theoretical reasoning beyond the bald assertions that particular kinds of effects will be produced by the media. The basic question of why the media should induce people to imitate its content has never been adequately tackled, beyond the simple idea that particular actions are 'glamorised'. (Obviously, antisocial actions are shown really positively so infrequently that this is an inadequate explanation). Similarly, the question of how merely seeing an activity in the media would be translated into an actual motive which would prompt an individual to behave in a particular way is just as unresolved. The lack of firm theory has led to the effects model being based in the variety of assumptions outlined above - that the media (rather than people) is the unproblematic starting-point for research; that children will be unable to 'cope' with the media; that the categories of 'violence' or 'antisocial behaviour' are clear and self-evident; that the model's predictions can be verified by scientific research; that screen fictions are of concern, whilst news pictures are not; that researchers have the unique capacity to observe and classify social behaviour and its meanings, but that those researchers need not attend to the various possible meanings which media content may have for the audience. Each of these very substantial problems has its roots in the failure of media effects commentators to found their model in any coherent theory.

#### So what future for research on media influences?

The effects model, we have seen, has remarkably little going for it as an explanation of human behaviour, or of the media in society. Whilst any challenging or apparently illogical theory or model reserves the right to demonstrate its validity through

empirical data, the effects model has failed also in that respect. Its continued survival is indefensible and unfortunate. However, the failure of this particular model does not mean that the impact of the mass media can no longer be considered or investigated.

The studies by Greg Philo and Glasgow University Media Group colleagues, for example, have used often imaginative methods to explore the influence of media presentations upon perceptions and interpretations of factual matters (e.g. Philo, 1990; Philo, ed., 1996). I have realised rather late that my own study (Gauntlett, 1997) in which children made videos about the environment, which were used as a way of understanding the discourses and perspectives on environmentalism which the children had acquired from the media, can be seen as falling broadly within this tradition. The strength of this work is that it operates on a terrain different from that occupied by the effects model; even at the most obvious level, it is about influences and perceptions, rather than effects and behaviour. However, whilst such studies may provide valuable reflections on the relationship between mass media and audiences, they cannot - for the same reason - directly challenge claims made from within the 'effects model' paradigm (as Miller & Philo (1996) have misguidedly supposed). This is not a weakness of these studies, of course; the effects paradigm should be left to bury itself whilst prudent media researchers move on to explore these other areas.

Any paradigm which is able to avoid the flaws and assumptions which have inevitably and quite rightly ruined the effects model is likely to have some advantages. With the rise of qualitative studies which actually listen to media audiences, we are seeing the advancement of a more forward-thinking, sensible and compassionate view of those who enjoy the mass media. After decades of stunted and rather irresponsible talk about media 'effects', the emphasis is hopefully changing towards a more sensitive but rational approach to media scholarship.

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- I hope the hierarchy of effect model is clear to you. Now lets us move on to the AIDA model it is one of the most important model from the point of view of communication as well as advertising.**
- AIDA**
- AIDA is a simple model of consumer response to marketing communications.
- AIDA stands for Attention, interest, Desire and Action, and implies that gaining the consumer's attention interest will automatically lead to desire for the product and action in purchasing it. In fact, attention and interest are more likely to come about as a result of consumer need: an individual who feels the need for a new stereo system will probably seek out information on new models, but the attention and system will probably seek out information on new models, but the attention and interest in the manufacturers' adverts and brochures are generated by the need, not the adverts.
- AIDA is still widely used, but the implication that the consumer is a mere recipient of marketing communications does not recognize the interplay between the communication and the target audience. Even when the communication is one way, there is a degree of interaction between the recipient and the message: the message is interpreted in the context of the recipient's pre-existing attitudes and beliefs.
- This is not part of the AIDA model. Consumer purchase behaviors may follow this sequence:
1. Need recognition.
  2. Pre-purchase activities or search.
  3. Evaluation and purchase decision.
  4. Act of purchase and consumption.
  5. Post-purchase evaluation.

Although this model is almost self-evidently an accurate outline of what happens, it is also very much oversimplified. It does not describe the mechanisms by which need is recognized or by which need can be activated, it does not describe what types of pre-purchase activities might be undertaken, and it does not describe methods of evaluation. Nonetheless, it offers a useful guide to the types of communication that might be most appropriate at each stage of the process.



A woman walks through a vegetable and fruit mart.



Spotting a bunch of juicy grapes, she stops and tries one. VO: "Sare gun."



Next she falls prey to fresh and luscious looking strawberries. VO: "Poori nami."



But in the midst of all these eatables she spys a basket full of lipsticks being sold. VO: "Naya Lakme Enrich..."



...Isme hai fruitamins, jo aapke honton ko rakhe komal.asli phalon ke gun, asli nami,..., ...ab aapke honton par."



Finally finding what she wanted, she buy the Lakme Enrich lipsticks in dozens.

From the above advertisement answer the following question:

- What do you think in which stage is the product according to AIDA model

Next model that we will be discussing is Howard-Sheth model.

#### The Howard-Sheth model

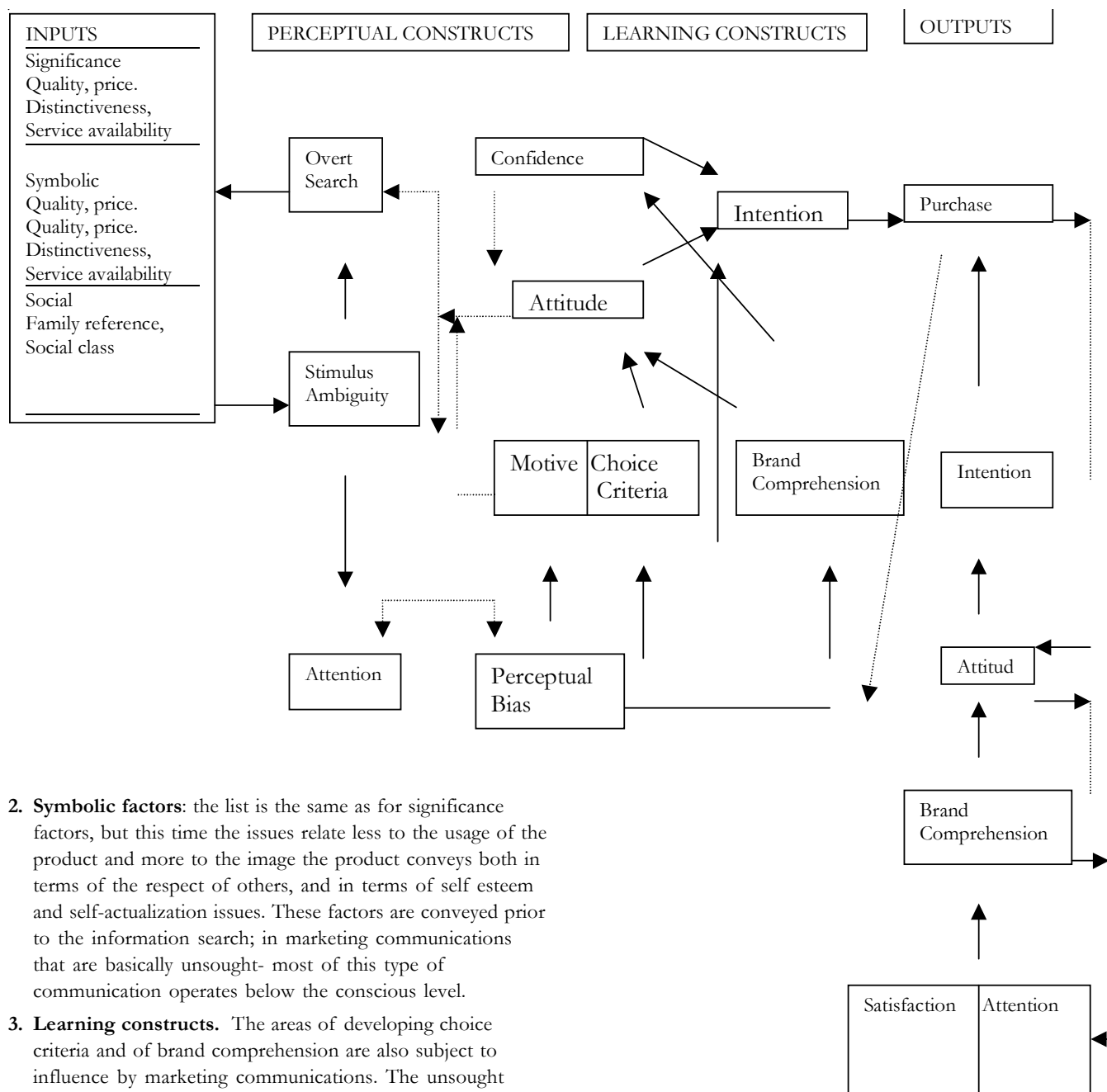
The Howard- Sheth model shown in figure below, it is a simplified version of the full model, but it does provide a much fuller picture of the consumer decision-making process, particular in terms of the factors, which are involved in the process.

In the diagram, the solid arrows show the flow of information, while the dotted arrows show the feedback effects. Essentially, the model shows the way the inputs are processed by and into perception and learning, and eventually become outputs, which feed back to further perceptions. The areas in which marketing communications play a significant part are as follows:

**1. Significance factors.** Quality is often conveyed by means of brochures and press releases, which emphasize the physical characteristics of the product. Price is also advertised. The distinctiveness of a product can be conveyed by pictures and words, and the service and availability issues are also covered by advertising. All these factors are conveyed during an information search, when the individual is actively looking at marketing communications.

Inbound marketing communications (surveys, returned guarantee cards, customer help lines and so forth) will come into play as the consumer uses the product, and may affect the consumer's attitude to repeat purchases by encouraging a positive post-purchase evaluation.

Much of the influence on a consumer's purchasing behaviors is outside the marketer's direct control. Much of the information about a major purchase will have come from friends and family, and the importance of these groups cannot be overstated.



**2. Symbolic factors:** the list is the same as for significance factors, but this time the issues relate less to the usage of the product and more to the image the product conveys both in terms of the respect of others, and in terms of self esteem and self-actualization issues. These factors are conveyed prior to the information search; in marketing communications that are basically unsought- most of this type of communication operates below the conscious level.

**3. Learning constructs.** The areas of developing choice criteria and of brand comprehension are also subject to influence by marketing communications. The unsought communications, which surround all of us, will affect the selection of a decision set, and will often affect the features that the consumer will look for in the new purchase. A consumer's understanding of the features and benefits of each brand will have come largely from marketing communications (although friends and family will also have some input into the choice decisions).



**Reference groups** are frequently used in marketing communications as models. For example, if a product is to be aimed at a typical working class family, an advert for the product might show people form an idealized form of such a family. For many years this was the promotional approach for the UK's Oxo cubes and for Mars bars.

The **second** way in which marketing communications use reference groups is to imply that use of the product will enable the consumer to join a better group, (an **aspirational** group). For example, the Thumps up adverts in the Indian showed Salman Khan doing very adventurous sporting activities. Although no one would actually believe that drinking Thumps up would automatically lead to bungee jumping or snowboarding, the advert associates the product with those activities.

A **third** way of using reference groups is to have an authority figure endorse the product. This can range from a TV doctor recommending a painkiller through to world –class athletes recommending running shorts.

The effectiveness of the **role model** in modeling behavior will depend on the personal characteristics of the role model. Attractive models will usually be imitated more than unattractive ones, successful-looking models are given more credence than unsuccessful looking ones, and a model who is perceived as being similar to the observer is also more likely to be emulated (Baker and Churchill, 1977).

The purpose of a model is to simplify reality rather than to recreate it, and the Howard-Sheth model does this fairly successfully, being complex but fairly comprehensive.

Note that most of the processes involved in consumer decision making happen below the conscious level, and, in most cases, in relatively short periods of time, as most people are not aware of the influences on them.

#### DAGMAR Approach

Dagmar Approach is the task of measuring ad effectiveness will not be daunting if we clearly spell out the advertising goals. Russel H. Colley (1961) pioneered an approach known by the acronym DAGMAR – Defining Advertising Goals for Measured Advertising Results, where to establish an explicit link between ad goals and ad results, Colley distinguished 52 advertising goals that might be used with respect to a single advertisement, a year's campaign for a product or a company's entire advertising philosophy.

These goals may pertain to sales, image, attitude, and awareness. Some of the goals are:

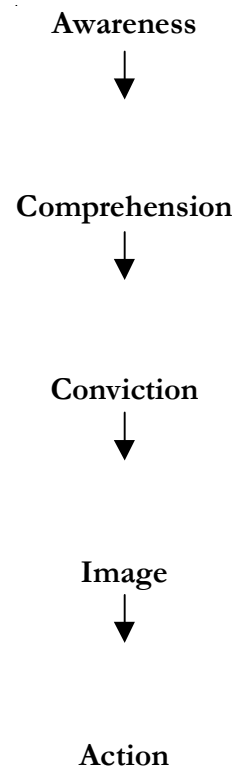
- Persuade a prospect to visit a show room and ask for a demonstration.
- Build up the morale of the company's sales force.
- Facilitate sales by correcting false impression, misinformation and other obstacles.
- Announce a special reason for buying now's (price, discount, premium and so on).
- Make the brand identity known and easily recognizable.
- Provide information or implant attitude regarding benefits and superior features of brand.

According to DAGMAR approach, the communication task of the brand is to gain

- a. awareness,
- b. comprehension,
- c. Conviction,
- d. image and
- e. action.

Advertising goals should be consistent with these communication tasks. Later performance on these counts and projected goals is compared. For example, a company setting a goal of 15 per cent increase in sales advertises and achieves this objective. Its ad then is successful and effective.

It presupposes the understanding of the dynamics of consumer behavior without these goals cannot be set. Besides, a thorough acquaintance of market environment is called for. DAGMAR is a planning and control tool. It may guide the creation of advertising. However, as well as appreciated, the basic inputs of DAGMAR are not so easily to formulate and may also inhibit creativity.



**Lavidge and Steiner** propounds the second model. This gives much importance to the cognitive evaluations. With an increase in competition and an enhancement in discerning abilities of potential buyers and users, information would play a greater role. The persuasive power of advertising could in itself be a function of the information content. This model takes the competition in to account. This competition arises between brands of a product and between substitutive product categories.



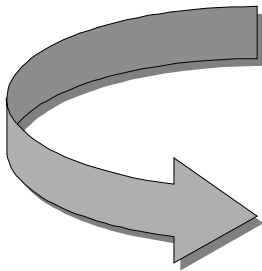
ries also as perceived by prospects constituting the target audience. The stage of liking following those of awareness and knowledge may refer to the advertising, thus emphasizing the creative aspects. Preference for the product or the brand may be the combined effect of product characteristics and their relevance to the target audience and of advertising.

**Rogers** propounded the third model, which is known as **Innovation –Adoption** Model. This model has relevance to new product introductions and particularly useful for adoption of non-commercial services or practices in developing countries. The stages of evaluation and trail before adoption (or purchase) are considered significant in the design of advertising program. The decision in favor of making an evaluation is likely to be influenced by information available from various sources including advertising. Evaluation constitutes a major step towards the adoption of the product or service.

I do hope you have gone over the various models and are trying to understand the relevance of them in the context of advertising. It is basically how you register an advertisement after seeing it and the course of action as in the purchase that takes place.

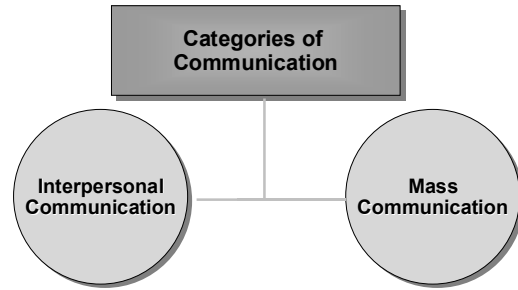


## Communication



The process by which we exchange or share meanings through a common set of symbols.

## Marketing Communication



## The Communication Process

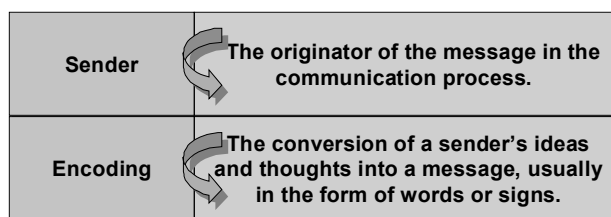
### As Senders

- ◆ Inform
- ◆ Persuade
- ◆ Remind

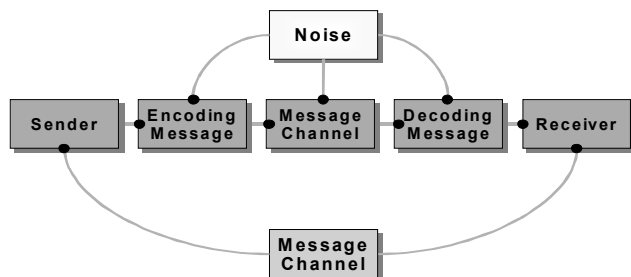
### As Receivers

- ◆ Develop messages
- ◆ Adapt messages
- ◆ Spot new communication opportunities

## The Sender and Encoding



## The Communication Process



## LESSON 8 :

### WHAT IS AN ADVERTISING AGENCY , TYPES OF AGENCY

#### Objective

Students By the end of this session you should be clear with what is an advertising agency and why do most of the organization hire these agencies and their types.



**After looking at this advertisement aren't you forced to think who made it?**

Yes it is an advertising agency (Montage) that made this advertisement of liberty.

Now let's try and understand the meaning of advertising agency.

As said in the dictionary-advertising agency is an agency that designs advertisement to call public attention to its clients

**Lets understand advertising agency in detail.** Advertising agency is a facilitating institution of the advertising industry. It helps the advertiser in the creation and production of advertising. This advertising agency provides a full range of services to advertisers, from the conception of idea to the exposure of printing of an advertisement and therefore large advertising-agencies organize various activities and maintain a formal structural relationship between various departments.

Some large industries organize their own advertising or publicity department to undertake the advertising task but sometimes they also take help from the agencies. More often they engage experts and specialists. But small-scale industries do not have any other option but to employ an advertising agency.

**Now what does it do?**

The advertising agency performs all the necessary functions on behalf of the customer or advertiser and therefore if an

advertising agency is appointed at all, the advertiser must cooperate with it. The advertiser must consider different factors before selecting an agency and must be very particular that it should not be changed very often. He should rather try to get best of it. The advertising agency charges remuneration for its Services either on the basis of commission fixed before hand or at a fixed percentage on the media bill. The Remuneration may also be charged on fee basis i.e. a lump sum payment as opened upon between the agency and the advertiser. Agency sometimes performs many other non-advertising functions and. if the advertiser gets any non- advertising services, the agency may charge extra for such activities on an agreement basis.

The agency that is working for any company may be full service agency, or in-house agency that perform a full range of advertising services. Some others who work on the basis of specialization basis render services of their specialized skills to the advertising agency or direct to the advertiser. They are known as specialized services groups.

Advertising agency thus is an important component of advertising industry.

Lets not forget that unique aspect of advertising is the advertising agency, which, in most cases, makes the creative and media decisions. It also often supplies supportive market research and is even involved in the total marketing plan. In some advertiser agency relationships, the agency acts quite autonomously in its area of expertise; in others, the advertiser remains involved in the creative and media decisions as the campaign progresses.

As all of know that an advertiser advertises with a desire to promote his product and services. He tries to influence the behaviour of his prospective buyers. As the advertiser is not an expert to understand advertising, he is driven to an advertising agency, which prepares the ad campaign on behalf of the advertiser. The advertiser thus becomes the client of the advertising agency. The advertising agency chosen may be an in-house agency, which is owned and operated by the advertiser himself.

**You should know:**

**Mudra was an in house agency for Vimal and so was HTA for lever. But most advertisers choose an outside independent agency. Now tell me why do you think most of the agencies hire agencies from out side.**

**Just for knowledge sake** you should know the first advertising agent, was Volney B. Palmer, he established his office in Philadelphia in 1841. He was essentially an agent of the newspapers. For 25 percent of the cost, he sold space to advertisers in the various 1,400 newspapers throughout the country. He made no effort to help advertisers prepare copy, and the service he performed was really one of media selection. His knowledge of and access to the various newspapers were worth something to an advertiser.

If we compare and see we will find, that the nature of an agency has changed considerably since Palmer's day, the fixed-commission method of compensation is still the one used most of-ten used by agencies but I will be covering this in my subsequent sessions.

By the turn of the century, agencies started to focus their attention on the creation of advertising for clients. Probably the first agency with a reputation for creative work was Lord and Thomas, which was blessed with two remarkable copywriters, John E. Kennedy and Claude Hopkins. Kennedy believed that advertising was "salesmanship" in print" and always tried to provide a reason why people should buy the advertised goods. One of Kennedy's first tasks when he joined Lord and Thomas in 1898 was to re-create an advertisement for a new washer what had relied on the headline "Are you chained to the washtub?" appearing over a figure of a worn, disgruntled housewife shackled to a washtub Kennedy's advertisement showed a woman relaxing in a rocking chair while turning the crank of a washer. The copy emphasized the work of the ball bearings and the time and chapped hands the machine would save. The cost of the resulting inquiries decreased from \$20 each to a few pennies.

**Now let's discuss one of the biggest advertising agencies in the world and briefly see its history it is JWT no.1 advertising agency in USA**

1877- 30-year-old James Walter Thompson buys the company, founded in 1864.

1890- JWT becomes the first full-service agency creating copy and layouts.

Prior to this the agency had sold space in magazines.

1901- "The Thompson Blue Book", one of the many advertising books published by Thompson. "We operate anywhere goods are sold"

1908- J. Walter Thompson hires the first woman Creative Director Helen Resor.

1913- The Woodbury soap campaign introduces sex appeal as a buying motive "A skin you love to touch".

1927- The JWT Radio Department dominates Hollywood : George Burns, Bing Crosby, Charlie McCarthy.

1939- JWT pioneers the first national consumer research panel. Caption reads: "Good morning Madam, the J. Walter Thompson Company would like to know if you are happily married."

1940- James Webb Young writes. A technique for Producing Ideas, which is still used as a textbook in colleges today.

1943- "There's a Ford in your Future" is the first slogan coined for Ford Motor Company: JWT's largest global client.

1946- JWT creates the first TV variety show/first drama show: Kraft Theatre, along with many famous series.

1960- JWT introduces the first account planning department led by Stephen King.

1971- Best-selling novelist James Patterson starts his career at JWT. He rises through the ranks to become Chairman of JWT North America.

1988- JWT creates the first research study of consumer lifestyles..."Life stages"

1992- The first environmental marketing research makes its debut

2003- JWT and Unilever celebrates their 100 year relationship. Pond's was the first

global campaign introduced in 1924.

But we should not ignore that the no.1 does not mean that no one can be as good as they are so here is an article which talks about and Ogilvy & Mather an advertising agency which was given agency of the year award

**O&M is 'Agency of the Year'**

JUST like the previous years it was O&M (Ogilvy & Mather), which got the Agency of the Year title, while Lowe stayed away from the 37th All India Awards for Creative Excellence of the Advertising Club of Bombay (the Abby awards).

O&M also won the campaign of the year award for its client Hutch and the best continuing campaign award for its work on Fevicol.



This year the Advertising Club decided to award 15 gold Abbys and the O&M creative gurus bagged six of them.

Among these were the Kathakali commercial for Eno in the toiletries and household category and the rest comprised the creative work done for the Hutch commercials in the products and services category.

The rest of the gold awards were shared by agencies such as McCann Erickson (paanch film for coca cola in the beverages and tobacco category and for Sweetex in the outdoor category), Enterprise Nexus (Times of India in the media category), Saatchi & Saatchi (Bharat Petroleum in the Outdoor Category), SSC&B (Axe deodorant in the toiletries and household care category), Leo Burnett (Senso Restaurant in the household category and for Darna Mana Hai in the new interactive media category) and Yahoo! Web Service (Pepsi Blue in the new media interactive category).

Meanwhile, RMG David was the beneficiary for the maximum number (six) of silver Abbys, after O&M. Rediffusion DY&R walked away with five silver Abbys, while Ambience Publicis and JWT India won four and three silver Abbys each.

Some of the other agencies winning the silver Abbys comprised Paragon Advertising, Contract Advertising, Code Red Films, Euro RSCG India, Grey Worldwide, Quadrant Communications and Interface Communications.

Lets see how advertising History along with Evolution of Advertising Agency

As we have already discussed that Volney B. Palmer in Philadelphia started the first advertising agency as a space broker in a newspaper in 1841. He acted as a simple agent, selling space for his client newspaper on a commission basis. He made no effort to help the advertiser prepare copy, design a layout and provide the many specialized services now performed by a modern agency.

Since then, the nature of an agency has changed considerably, but the method of compensation in the form or a fixed percentage of advertising billing continues in spite of the inherent defect of the system, for the agency generally recommends only a higher media budget than may be appropriate.

It was only by the beginning of this century that the agency started to prepare advertisements and deliver them through the advertisements media. Lord and Thomas was probably the first agency in the USA, with a reputation for creative work in advertising. It hired copywriters, who did a marvellous job. One of the famous advertisement deliveries of this agency was for a new washing machine. Other agencies also started adopting the new services; and soon many advertisement agencies had established departments for copywriting, artwork, layout design, media selection, etc. Over the next several decades, the advertisement agency improved the quality of its services, besides offering additional new services at extra charge. Agency growth has never looked back since then. It has grown in size and influence through the years, demonstrating an ability to create effective advertising. Towards the end of the first half of this century, there were several large agencies, offering a full range of advertising services. They produced effective advertisements by taking into account consumer psychology and human needs and wants. Creative advertising appeals effectively influenced consumers to buy the advertised products and services. In fact, advertising at this stage, became a part of the overall marketing mix, furthering the sales and marketing strategy.

An advertising agency is shortened as ad agency. Ad agency is a team of experts appointed by clients to plan, produce and place advertising campaigns in the media. They are called agencies, because literally they are agents of the media who pay them the commission, and the media thus becomes the principal. Media pays commission to only accredited agencies (INS accreditation). The agency works for the client, but draws its sustenance from the media (nearly 75 p.c.).

#### **With the brief history of advertising lets move on to working of Ad Agencies**

To begin with, the agencies started as one-man agents who booked space in the media. Even today, in our country, there are so many one-man agents who book space in the media. Soon the space-booking was handed over to the contact-man, and the actual construction of the ad was undertaken by creative wordsmiths adept at sloganising.

In the course of years, the ad agency became service-oriented, and was able to offer every possible service including marketing, market research (MR), and public relations (PR).

Ad agencies have evolved over a period of time. These days we have mostly studio-based agencies, some industrial and

specialised agencies, and hot-shops who only plan creative campaigns by engaging the services of free-lancers.

At Madison Avenue, most of these large agencies of the world fiercely compete for new accounts, resulting in a shift of millions of dollars of billing from one agency to another. Advertising Age is an official publication of the American Association of Advertising Agencies (AAAA).

If see Indian advertising business, it is worth Rs. 8,000 crores. There were only-62 advertising agencies in 1958, which increased to 168 in 1978, more than 2.5 times the numbers in 1958. There are more than 500 ad agencies today. The oldest and largest advertisement agency in India is Hindustan Thompson Associates Ltd (JWT). The second largest advertisement agency is Lintas.

Mumbai is considered to be the Mecca of Indian advertising. These days' agencies are also being set up at Bangalore, Madras, Hyderabad, Ahmedabad and Delhi.

In India, the ad agencies are sole proprietary concerns, partnerships or private limited companies. But in America and UK, the leading advertising agencies are publicly quoted companies.

Many agencies in India have come of age. Ulka (billing Rs. 12 crores) started in 1961 and celebrated its silver jubilee in 1986. It has played a pioneering role in rural advertising. It has tapped media like folk theatre and professional story tellers. It also did a campaign for family welfare.

Lintas India turned 50 in 1989. Keeping in mind the agency's status (gross billings for 1988 : Rs. 80 crore) - and ex-Chief Alyque Padamsee's reputation for good taste - the birthday bash was a classy affair.

In Aug. 1989 Lintas organised symposium of public service advertising in Delhi.

Around this time, Lintas released a book on advertising containing articles by renowned ex--Lintasians like Shyam Benegal, P. L. Tandon, Kabir Bedi and Padamsee himself.

OBM became 60 years young in 1989. Its film, 'Spread the Light of Freedom' featuring 24 sports people running with lighted, torches in different locales must have been enjoyed by many of you on TV. Was it not beautiful to see the golden girl P. T. Usha gracefully striding with a cute deer loping along in the background? OBM also made 'One Tune' (Ek Sur) commencing with Bhimsen Joshi interspersed with Lata, and ending with Amit, Jeetu and Mithun and a host of Indians. Very well-made for national integration, OBM did proud to Indian advertising by doing a campaign for social awareness about cancer.

It is better to operate agencies on professional lines, rather than as a family. It is good to instal MBO (management by objectives). An agency must necessarily plough back at least 75 p.c. of its profit into business.

The advertising agencies are shifting from the creative mode to the marketing mode. Today the onus is on the agency to supply the client with data on his industry; the days of the clients briefing the industry are almost over. The agencies are expected maintain industry database. There is a learning towards software for optimizing media usage, and computerization of studio functions.



In India, the legal structure of ad agencies. is that of a small proprietary concern or a big partnership. Sometimes, they are private limited companies, either big or small.

Indian advertising is a fragmented business. There are over 733 agencies accredited to INS. The top 25 account for 50 p.c. of all billings. In addition, there are many unaccredited agencies.

**I hope all of you have heard of Indian Newspaper Society lets discuss about its role and work.**

The Indian Newspaper Society was established in March 1939, and celebrates its Diamond Jubilee in 1999. During the war years, INS fought for increasing the rationed newsprint quota for the media. This society started with 14 members, of which one was from outside India. In fact, the first president of INS was an Englishman Arthur Moore, the editor of Statesman. The society wanted to further the interest of the media, and promote co-operation to protect their common interest. It promoted the All India Editors' Conference in 1940. With the advent of Independence, INS witnessed an evolution of Reuters into Press Trust of India (PTI) in 1948. To bring an element of competition, United News of India (UNI) was later formed.

Today, INS membership stands at 733. INS has started a research wing called RIND – Research Institute for Newspaper Development. The Press Foundation of India, an institution promoted by INS members, provides opportunities for training of journalist.

Ad agencies with INS accreditation receive 15 per cent commission from the media, and period of credit.

It is the top 25 agencies, most of which are headquartered in Mumbai, that set the pace and define the shape of the industry.

Agencies like HTA, Lintas, Clarion and O & M have shaped the entire advertising industry in the country.

Many Indians firms are coming up, by importing Western ad techniques.

Many agencies die a premature death. Most people do not appreciate that an agency - like any other business - must be properly managed. It is simply not enough just to have great ideas. In recent years, there has been a healthy trend towards sound management practices, especially financial planning and control.

This is a highly paid profession. It is a conspicuous high wage island. People operate on high profile. Their life-styles are opulent because of high expense accounts of entertaining clients. They got their elitist brand due to this reason. But high salaries and freedom are necessary to attract talents.

Women have been an integral part of this profession. We have examples of Rhoda Mehta (OBM, Media Director), Nargis Wadia (Interpub, MD), Usha Katrak (ASP for many years), Tara Sinha (Tara Sinha Associates Delhi; Formerly, Clarion).

**Madison Avenue does it sound familiar. Whatever would be your answer let discuss.**

Madison Avenue, an area in New York, is considered to be the Mecca of advertising. It is not that rows of agencies dot this avenue. Actually, many of the agencies are to be found in nearby Lexington Avenue and surrounding areas. Madison Avenue has always been a prohibitively expensive piece of real estate. It is in

fact known more for its antique shops. Randall Rothenberg in his latest book *Where the Suckers Moon: The Life and Death of an Advertising Campaign* (Vintage) describes Madison Avenue as “ the well-spring of high ambition and low art, of fast deals and boozy lunches, of national neuroses and corporate cynicism.” The creativity has shifted to places like Portland, Seattle and Los Angeles and there is a consequent displacement of Madison Avenue as the navel of advertising world. .

**Why to hire an Advertising Agency?**

Marketers hire agencies to plan and execute their advertising efforts. Why should an adviser sign a contract with an agency? Hiring an agency can result in several benefits. First of all if you hire an agency it provides objective expertise and staffing and management of an advertising acuities and personnel.

Agencies provide the people and the management skills necessary to accomplish the advertising that advertisers lack. Creative people who work for advertising agencies may dif-fer from the employees of the client business. Artists, writers and television producers might not fit easily into the culture of the corporate environment. Stated work hours, dress codes, and limitations on overtime would be difficult to enforce among the creative people who tend to work in advertising. In addition, pay scales for native, staff may vary widely A brilliant writer way be paid more than a department, head.

Advertising agencies provide a supportive environment for these people. Agencies can organize the skills, maintain morale, and build Eire more effectively among creative people than corporations can.

Now lets see how this industry is growing.

Ad industry may break double digit barrier

**Archna Shukla**

**Times News Network[Sunday, May 02, 2004 01:22:02 AM ]**

The economic feel-good is rubbing off on the advertising industry as growth nears double-digit.

Call it a newfound glory. Thanks to India Shining, the advertising industry, which refused to grow beyond 5% till two years ago, registered an overall growth of 9.5% in 2003 (app Rs 9,000 crore) and is likely to break the double-digit barrier and touch a mark of around 11%-12% in 2004.

Says Santosh Desai, president, McCann Erickson: “It’s (the confidence) in the air. The industry will have a definitive two-digit growth this year.” Optimism writ large. But who’s pumping in this air of confidence? Well, put simply, the current feel-good in the advertising industry is all thanks to India Shining. It’s a well accepted theory in the West that economic growth and ad spends are a function of each other. A few aberrations in Indian market notwithstanding, the principle could very well be applied in the domestic context. Says CVL Srinivas, managing director, Maxus: “Broadly speaking, the growth of the advertising industry is an indication of the direction the overall economy is moving in. In the West, the industry’s growth rates in the recent times have been 1.5 to 2 times the overall GDP growth. In India, too, the industry is growing at about two times the GDP growth.”

In fact, there is consensus in the industry that the current phase of revival in the ad market is because of the overall positive macro-economic outlook. Says Sandip Vij, president, OMS: "Investment in advertising is fuelled by real growth, an overall sentiment of an optimistic future, and competitive pressure. On all these parameters, India is doing well. The good news for India is that there are sufficient catalysts to help fuel the momentum. As an economy we are in the growth stage of branding and media penetration and this will keep driving growth."

Another noticeable change this time is that advertisers are no more vexed about the cut in FMCG budgets. For a long time, the FMCG sector, led by biggies like HLL, P&G, Colgate and even Cola majors Coke and Pepsi, pushed the ad growth single-handedly. Till a year ago, the slump in the ad industry was solely attributed to the sluggishness in the FMCG sector, whereas today most advertisers don't even remember to mention the category while talking about the growth drivers in the industry.

The list of top ad spenders provided by most of them includes cars and jeeps, two-wheelers, cellular phone services, white goods, financial services and oil and gas. There are some dark horses too, like real estate, independent retailers and education. According to estimates, ad spends of four-wheeler manufacturers jumped up 100% in 2003 vis-à-vis 2002. Says Anamika Mehta, vice-president, Universal McCann: "The automobile sector saw an unusual number of launches last year. Car manufacturers either launched new models or upgraded their current versions. New product offerings make piping up noise levels mandatory and hence, the sector spent a good deal on communications."

Indeed, companies like General Motors, which hitherto were restricted to the premium category, took the plunge and launched new models under the Cheverlot brand. Says Amit Dutta, veep, marketing, GM, India, "It's not that we increased our ad spends unusually last year. But as the auto sector looked promising, we launched a couple of new models in the market. And fresh products do need a communication support and hence, more visibility across media." Another auto biggie, Maruti advertised heavily, primarily during its IPO float, while Hyundai loosened its purse strings to a good extent. With the result that the category which reportedly had spent close to Rs 200-250 crore on advertising in 2002, doubled its expense in 2003 to Rs 400-500 crore.

And did we call it an expense? Well, experts' say it's an investment, as they argue that spend on advertising during the sunshine period is credited, and not debited, in accounts books. Says Sandip Tarkas, CEO, Media Direction: "Given the sentiment-driven nature of the advertising industry, ad spends have a direct connect with overall economic scenario. Advertising turns out to be an expense that should be controlled when things are not looking so good and it becomes an investment when people are more positive about the future."

A good instance of the theory is the aggressive advertising and marketing activity undertaken by the consumer durables sector, led by the Korean majors LG and Samsung. The two companies initiated a major brand-building exercise last year, taking off from the World Cup pitch and were seen batting it from the

front during the recent India-Pakistan cricket series. The competition to catch eyeballs between the two reminded of the traditional rivalry between Coke and Pepsi.

While industry analysts argue that spends on branding initiatives by the two companies are but a compulsion, as being outsiders in an extremely competitive domestic market, they badly needed to strike an emotional chord with Indian consumers.

But the two companies maintain that their ad spree is more a factor of their excellent performance in the recent past, than a compulsion-driven strategy. Says Kwan Ro-Kim, managing director, LG Electronics India: "We spend 5% of our total sales on advertising. And thanks to our efficient marketing and the growing demand pull in India, our sales have been on an upswing consistently. We grew 36% in 2003 over 2002 as our sales went up from Rs 3,300 crore to Rs 4,500 crore. This year we expect to grow 55% as we hope to cross Rs 7,000 crore in sales." Anil Arora, the company's marketing head, ditto. "We are not risking our bottomlines by spending big-time on cricket stars or cricket properties. The fact of the matter is that with our booming sales, we can afford to spend that kind of money on advertising."

The ad script is more or less the same for Samsung. The company recently spent over Rs 60 crore on sponsoring Samsung Cup, besides buying huge secondages on TV during the telecast of the India-Pakistan series. It had exhibited the same kind of enthusiasm during the World Cup last year and it vows to continue with its cricket passion in future during the Asia Cup and the mini-World Cup. Says Vivek Prakash, head, marketing, Samsung: "Indeed, cricket is an expensive marketing tool and we also agree that we've spent huge amount of money on the game. The challenge before us is massification of technology, which is our USP. Cricket, being the religion in the country, presents itself as a lowest denominator proposition. It helps us standardise our communication with all our consumers across all categories and hence the huge investments in the property."

Experts also point out that competition is also a factor that spurs aggressive brand communication. Says Vij: "Increasing competition nudges companies to invest significantly in brand equity to maintain sales growth. Also, with an increase in competition, product life cycles become shorter, which in turn pushes companies to adopt faster product launches. In cars, two-wheelers and white goods, the number of launches has significantly increased advertising expenditure."

Indeed, consumer durables category is all of a sudden seeing a good growth. And with good monsoons forecast this year, it is likely to escalate. In fact, a recent report by a Mumbai-based securities investment agency found that rural consumers were increasingly spending more on consumer durables than FMCG goods.

Says Desai: "The fact of the matter is all the sectors that are pushing the ad spend bar up are fundamentally linked with the economy. Financial services, real estate and retail are very much a phenomenon of good economic growth. Similarly, growth in cellular services is also to a good extent because of the increase

in the purchasing power.” And their feel-good is naturally linked with their enhanced brand communication initiatives.

According to an analysis by Adex, an advertising expenditure monitoring arm of TAM Media Research, cellular phone services emerged as the fourth biggest ad spender in 2003, whereas it was on 24th slot in 2001. The category as a whole accounted for a spend of around Rs 400 crore last year. The growth was led by Hutch, AirTel and Reliance Infocomm. Individually, their AORs are believed to be in the region of Rs 110 cr-140 crore.

There have also been a few surprise entries in the club of spenders recently. Adex has found that real estate and independent retailers, which were hitherto known as small-time players, are hitting the boundaries too. The analysis reveals that real estate and retailers moved up to 10th and 12th slots in 2003, jumping up from their 17th and 29th positions in 2001, respectively. Real estate, as a category, spent around Rs 170 crore on advertising last year, whereas retailers spent around Rs 130 crore.

Says Atul Phadnis, veep, TAM Media Research: “The real estate sector is booming because of a spurt in home buying, which is happening because of cut in interest rates. Retailers, however, have been able to find their place under the sun, thanks to affordable platforms provided by local television channels.”

Gradual increase in media penetration is also acting as a stimulant. Explains Phadnis: “Till the launch of local channels, the small time advertisers had no option but to remain print-centric. But cheaper and more accessible options like Aaj Tak, Zee, Sahara, and various other regional channels have made it possible for them to hit the TV screens too. In fact, these small time players bailed out the broadcasters during the time of slowdown in 2000 and 2001.”

The good news doesn't end here. Rather, it takes a new turn and for the good. As Vij sums it up: “Given the low level of branding, low media penetration and an underdeveloped services market, the pace of growth in the ad industry should be even faster in the current year.”

After discussing what is an advertising agency lets move on to types of Agencies

As we know that changes in the business environment prompt change in the services offered and the types of agencies that flourish. We take a look at the following types of agencies to demonstrate the variety found in the advertising agency business.

- Full-Service Agency

In advertising, a full-service agency is one that includes the four major staff functions account management, creative services, media planning and buying, and account planning, which is also known as research. A full-service advertising agency will also have its own accounting department, a traffic department to handle internal tracking on completion of projects, a department for broadcast and print production (usually organized within the creative department), and a human resource department.

- Specialized Agencies

Many agencies do not follow the traditional full-service agency approach. They either specialize in certain functions (creative or media buying), audiences (minority, youth), or industries (healthcare, computers, agriculture, or business-to-business communication). In addition, there are specialized agencies in all marketing communication areas, such as direct marketing, sales promotion, public relations, events and sports marketing, and packaging and point of sale. Furthermore, there are one-client agencies.

- Industry-Focused Agencies

Numerous agencies concentrate on certain fields or industries, such as agriculture, medicine and pharmaceuticals, health care, and computers. These agencies handle a variety of clients from within that field, so they are able to apply their particular expertise to the service of their clients.

- Minority Agencies

Agencies that focus on an ethnic group, or minority agencies, grew substantially in the 1980s as marketers realized that African Americans and Hispanic Americans, the two largest minorities, had preference and buying patterns that different from those of the general market. These agencies are organized in much the same way as full-service agencies, but they specialize in reaching and communicating with the market.

- Creative Boutiques

Creative boutiques are organizations, usually small (two or three people to a dozen or more), that concentrate entirely on preparing the creative execution of client marketing communications. The focus of the organization is entered on the idea, the creative product. A creative boutique will have one or more writers or artists on staff. There is no staff for media, research, or strategic planning. Typically, the organization can prepare advertising to run in print media, outdoors, and on radio and television. Creative boutiques are usually hired by clients, but are sometimes retained by advertising agencies when they are overloaded with work.

- Media-Buying Services

Media-buying services specialize in the purchase of media for clients. They are in high demand for three main reasons. First, media has become more complex as the number of choices grows—think of the proliferation of new cable channels, magazines, and radio stations. Second, the cost of maintaining a competent media department has escalated.

Third, media-buying services often deliver media at a low cost because they can group several clients' purchases together to develop substantial buying power. Although media-buying services seldom can beat the top 25 ad agencies in buying clout, they usually beat small and medium-sized agencies. For these reasons, some small and medium-sized agencies rely heavily on media-buying services.

- Virtual Agencies

A recent phenomenon is the cogeny that operates like a group of freelancers. This type of agency abandons conventional office space. Chairlady pioneered an approach

called “team workroom” or a virtual office. In a virtual agency like Cheat Day, staff members do not have fixed offices; they work at home, in their cars, or at their clients’ offices. Modern technology allows team members to work outside the office.

- **In-House Agencies**

In-house agency provides exclusive ad services to its benefactor client. The set-up ensures saving of outside agency commission of 15 p.c. In-house agencies may later evolve into multi-client full-fledged agencies like Lintas and Mudra which evolved beyond the founding client Unilever and Reliance, respectively. Several in-house agencies like Seasons (Bombay Dyeing), Rhizic (PAL), Govan (GTC), ASP (Birla linkage) are facing problems. Pratibha (Kirkloskar) is evolving into a competitive multi-client agency. Clients might keep in-house agency for some specialized work, and may assign the rest of the work to outside agencies e.g. clients may keep core design services or media buying in house. Advertising has to be professional in these days of competition, and this alone is reason enough to outsource the best agency. In-house agency faces problems of dearth of talent, as it cannot attract the best talents considering its narrow range of work. Besides, there is too much management control to give free reign to creativity.

The ads produced are manufacture-oriented and not consumer-oriented. In future, the limited savings of 15 p.c. commission will not be a strong enough incentive for the manufacturers to start their own in-house agency. Those in-house agencies, which have already been set up, are at crossroads.

- **Satellite Agencies**

Bigger agencies these days form smaller subsidiary agencies called satellite agencies. Tony Miller calls them a “delicious irony.” It is a sensible way for a big agency to offer nimbleness and personal service of a small shop. The first such subsidiary in India was Acil, which was formed by Clarion Advertising Agencies. Hindustan Thompson Associates (HTA) in 1979 set up Contract Advertising, which has now taken over Grant Kenyon & Eckhardt. Acil has since broken away from Clarion and is now an independent agency. After Contract, there was a spate of satellite agencies; OBM, Ulka, DaCunha, Everest and more recently Lintas have set up subsidiaries. Lintas has set up Karishma as its subsidiary. The umbilical cord with the parent agency helps the subsidiaries in terms of a few initial accounts and talents to create good copies. Subsidiaries can have fresh, creative approach and can cater to smaller accounts. Subsidiaries can also take up a competing firm’s account. If HTA has Lux

soap, the Contract sells Mysore Sandalwood. HTA has the Niky Tasha account and Contract has Hotline’s.

Edge is an Everest-backed satellite agency. Subsidiaries consolidate business and improve market share. Ulka’s subsidiary Interface handles many small accounts. There is a break-away thinking in a subsidiary. But it can also draw on the parent agency, say, by taking advantage of its clout as a media buyer. DaCunha’s Victa dabbles into advertising that is a little bolder than normal. Artig, an OBM subsidiary, gets into fields complementary to their business and away from main-stream advertising communications, public relations, direct response advertising. The tax benefit that the formation of subsidiaries gave is no more of any consequence. Forming subsidiary does not mean partitioning a little office space and putting a new sign-board. It must be totally independent resource-wise. Agency spin-offs can also be a way to retain restless.

Table 6.1

**Satellite Agencies**

Parent Agency	Satellite Agency	Year Founded	Key Account
Saatchi & Saatchi McGann -	Team One	1987	Lexus (Toyota)
Erickson Lintas	Merkley ISAS	1991	GMC Trucks
Omnicorn Group	L <sub>2</sub>	1993	IBM PC Co.
DDB Needham	Merkley Newan.Hosry	1993	Word Perfect
	Berlin Wright Cameron	1993	Volkswagon

**Just go through this article related to Abby awards in 2004**

**Abby Awards 2004: Brand India in focus**

agencyfaqs!

MUMBAI, February 11

With the first round of judging for the 37th Abby Awards (Abby 2004) set to commence in a week’s time, the atmosphere in advertising agencies has shifted from one of furious action – centered at sending in entries for the annual awards – to one of anticipation at the outcome of the judging. The results of the judging, of course, will be made public only at the Abby Awards function – which is scheduled to be held sometime in March – but that doesn’t appear to be coming in the way of speculation over what work would claim top honours this year.

This does not, however, imply that ‘Abby action’ is in a state of stasis. On the contrary, there appears to be a fair bit of excitement in agencies vis-à-vis the newly constituted ‘Brand India’ category, which is still open to entry (for the record, entries for this category close on February 28). The idea behind the Brand India category, to quote the Bombay Ad Club Website, is ‘to strengthen the Brand India theme that is increasingly gaining ground’. The objective, as set before agencies, is to create a piece of communication that showcases India to either an Indian or an international audience.



“There is a general sense of India having arrived on the global scene, and last year’s AdAsia in Jaipur signaled Brand India’s arrival on the advertising stage,” explains MG ‘Ambi’ Parameswaran, executive director, FCB-Ulka, and president of The Advertising Club Bombay. “The thought of Brand India, which was showcased so well at AdAsia, is being taken forward this year in the form of a new category at the Abbys. We thought such a category – which had the best advertising minds showcasing an India that we are all proud of – would be a fitting finale to AdAsia.” The Ad Club website mentions that the work entered under Brand India will be judged by a separate panel of judges, and Parameswaran reveals that the jury for this category is “being constituted”.

Despite it being a one-off ‘special category’ for the 37th Abby Awards, Parameswaran attaches a lot of importance to the category. “Let me assure you that the Brand India category will be treated on par with important categories such as Best Continuing Campaign of the Year and Campaign of the Year,” he says. And going by what informed sources have to say, it appears as if the points awarded to the winning entries in this category would accrue to the respective agencies. Which would, in turn, have a bearing on the overall points tally. It follows that the points won in this category could determine where an agency figures in the awards hierarchy.

That aside, it is the novelty and ‘timeliness’ of the category that seems to have impressed ad folk. “I think it is an interesting call to agencies to showcase their take on Brand India,” says Raj Nair, associate vice-president – creative, Contract Advertising. “If AdAsia is any indication, there is a desire to showcase Brand India as an emerging force. I think the new category affords a great opportunity to do some good work, and you could have some very interesting work coming out of the exercise. It’s a question of seeing how differently one can showcase India.” He adds that his agency will “surely take a crack at it”.

Prathap Suthan (national creative director, Grey Worldwide), who is behind the much-talked-about ‘India Shining’ campaign around which the Brand India brief is loosely modeled, believes a category such as this was long overdue. “Even in the past, there was work that had been created for India, the brand,” he says. “But there was no place at award shows to enter such work. It was time we had such a category, and the creation of the category is most welcome. ‘India Shining’ is a good campaign, but I am sure there are many more campaigns out there that touch the grassroots consumer better. All that work deserves to be acknowledged.” Suthan is, in fact, all for making Brand India a regular category at awards. “People will be proud to do work for the country. A category like this one is a great opportunity to express one’s love for the motherland.”

There is, however, some confusion over what constitutes a Brand India campaign. “I understand that there is a feel-good wave happening, and it’s a good idea to have a Brand India category that rides on the prevailing mood. But what is not clear is the criteria and the requirements to enter work in this

category,” Anup Chitnis, senior creative director, Mudra Communications, vocalizes the confusion. Making his point, Chitnis asks whether a pan-Indian campaign that reflects the success of a brand or a product can be construed as a Brand India campaign. “You can focus on developments in the telecom sector or in infrastructure, but then it becomes a campaign for the Government of India,” he argues. “I think the brief should have been more clearly defined, as it’s not possible to think of Brand India in isolation. Yes, ‘India Shining’ becomes a starting point by virtue of being the only one of its kind, but is the objective only about bettering ‘India Shining’?”

Parameswaran, for his part, clarifies that the entries in the Brand India category “should not be for any particular brand or product category.” While admitting that the brief has been kept open, he adds, “The entries should celebrate the arrival of India at the world stage, and can address either an Indian audience or an international one. It’s about seeing how best we can tell the world about the success of Brand India.”

The fact that it’s an open brief is something that should work to the advantage of agencies, feels Adrian Mendonza, vice-president & executive creative director, Rediffusion | DYR. “Because it is open to creative interpretation, it provides an area of opportunity to do anything for India,” he reasons. “It could even be something that stirs the consciousness of the people and makes them think.” In fact, Mendonza believes the work created for this category need not necessarily reflect the feel-good factor as showcased in ‘India Shining’. “The stock market need not be the indicator for everything, and doing something based on feel-good alone will be too close to ‘India Shining’.”

As with Contract’s Nair, Mendonza admits he’d like to make an entry in the category. “It’s an interesting category, much better than having a category called ‘Unpublished Work’,” he says. “I think doing a campaign for Brand India is better than doing an arbitrary campaign for the sake of winning an award.” He is, however, keen on knowing how the Ad Club proposes to take the award-winning work in this category forward. “Agencies will be doing the best work for Brand India. But will it stop at an award or will the Ad Club help the winning campaign or ad by putting it on air? That is something the Ad Club must look at, so that lay people actually get to see the work that gets created.”

**Finally for this session lets just go through this report on ranking of advertising agencies.**



## Agency Report A&amp;M Top Agencies Ranking By Gross Income

Rank		Agency	Gross Income		Growth over last year (%)	Head-quarters / City
1999 – 2000	1998 – 99		1999-2000 (in Rs. million)	1998-99		
1	1	Hindustan Thompson Associates	1,615.75	1,523.85	6.03	Mumbai
2	3	Ogilvy & Mather	1,113.89	772.35	44.22	Mumbai
3	4	Mundra Communications	784.49	717.99	9.26	Ahmedabad
4	5	FCB-Ulka Advertising	782.26	574.20	36.23	Mumbai
5	6	Rediffusion-DY&R	664.42	451.34	47.21	Mumbai
6	8	McCann-Erickson India	521.67	334.71	55.86	New Delhi
7	7	R.K. Swamy/BBDO Advertising Ltd.	384.48	347.22	10.73	Chennai
8	11	Trikaya Grey Advertising (I)	331.00	241.00	37.34	Mumbai
9	12	Chaitra Leo Burnett	295.08	237.18	24.41	Mumbai
10	15	Pressman Advertising & Marketing	280.77	166.16	69.98	Kolkata
11	9	Contract Advertising (I)	267.90	266.55	0.51	Mumbai
12	10	MAA Bozell	263.10	250.08	5.21	Bangalore
13	-	IB&W Communications (P)	248.52	195.07	27.40	Mumbai
14	13	Enterprise Nexus	237.90	203.37	16.98	Mumbai
15	14	Euro RSCG Advertising	228.14	168.72	35.22	Mumbai
16	16	Triton Communications	195.20	161.30	21.02	Mumbai
17	22	Percept Advertising	164.73	79.84	106.33	Mumbai
18	18	Ambience D'Arcy	152.00	125.00	21.60	Mumbai
19	17	Saatchi & Saatchi	148.10	128.99	14.82	Mumbai
20	20	Everest Integrated Communication Ltd.	106.00	93.64	13.20	Mumbai
21	21	TBWA Anthem	104.37	86.25	21.01	New Delhi
22	25	Publicis Zen	100.06	61.53	62.62	Mumbai
23	19	Madison Communications	98.74	118.00	- 16.32	Mumbai
24	-	SSC&B Lintas	74.00	23.00	221.74	Mumbai
25	33	Quadrant	72.95	32.24	126.27	Pune
26	26	Purnima Advertising Agency	57.57	47.05	22.36	Ahmedabad
27	30	Interface Communications	56.30	38.40	46.61	Mumbai
28	29	Ushak Kaal Advertising Ltd.	55.86	39.19	42.54	New Delhi
29	28	Fountainhead Communications	48.90	42.10	16.15	Chennai
30	37	Crayons Advertising & Marketing	42.90	21.92	95.71	New Delhi
31	31	Sasi Advertising	40.60	35.94	12.97	Coimbatore
32	27	Interact Vision Advertising Mktg.	39.40	45.55	- 13.50	New Delhi
33	34	Imageads and Communications	36.35	32.12	13.17	Mumbai
34	-	Equus Advertising Company	36.03	42.91	- 16.03	Kolkata
35	32	Marketing Consultants and Agencies	35.78	32.44	10.30	Bangalore
36	35	Graphisads	34.26	27.13	26.28	New Delhi
37	-	Akshara Advertising	29.50	27.50	7.27	New Delhi
38	-	Hakuhodo Percept	27.49	21.37	28.64	New Delhi
39	46	MCS Communications	25.28	12.05	109.79	Chennai
40	-	Kamerad – News Advertising	24.34	32.52	- 25.15	Bangalore
41	41	Market Missionaries (India)	24.11	14.90	61.81	Pune
42	38	Ram Advertising Service	23.74	17.27	37.46	Chandigarh
43	-	National Advertising Agency	22.90	19.19	19.33	New Delhi
44	36	Moulis Euro RSCG	22.06	21.94	0.55	Chennai
45	39	Urja Communications	21.23	15.73	34.97	Mumbai
46	42	Fortune Communications	19.21	14.02	37.02	Mumbai
47	44	Jelitta Advertising	17.95	13.50	32.96	Kottayam
48	47	Abdur	17.20	11.30	52.21	New Delhi
49	-	Rashtriya Advertising Agency	16.77	13.70	22.41	New Delhi
50	-	Creative Unit	5.70	13.00	20.77	Mumbai

## LESSON 9 :

### TUTORIAL

#### Objective

By the end of this tutorial you will be clear with all the basics of advertising along with the communication process and its models.

#### Lets start with a quiz

- According to the basic premise of the text, advertising must be:
  - Humorous.
  - Effective.
  - Oriented around a product.
  - Short.
- To be effective, an advertisement should satisfy consumers' objectives by
  - Guaranteeing a low price.
  - Being colorful.
  - Engaging them and delivering a relevant message.
  - Using a professional spokesperson to deliver the advertising message.
- Strategy, creativity, and \_\_\_\_\_ must work in concert for an ad to be truly effective.
  - Execution
  - Control
  - Planning
  - Imagination
- An ad's central idea that grabs your attention and sticks in your memory is the
  - Strategic plan.
  - Production process.
  - Goal-direction process.
  - Creative concept.
- There are three components of the Model of Key Effects. Which component is most associated with feeling and emotion?
  - Learning
  - Behavior
  - Persuasion
  - Understanding
- A useful surrogate measure of behavior, according to message effectiveness factors shown in the text, would be
  - Purchase.
  - Exposure.
  - Understanding.
  - Emotions and involvement.
- Which of the following communication tool combinations would be considered to be the most effective in enhancing exposure as part of the perception process of key message effects?
  - Public Relations, Personal Selling, and Sales Promotion
  - Sales Promotion, Personal Selling, and Direct Marketing
  - Personal Selling and Direct Marketing
  - Advertising Media and Public Relations
- Which of the following terms is best described as being "paid nonpersonal communication from an identified sponsor using mass media to persuade or influence an audience?"
  - Personal Selling
  - Public Relations
  - Advertising
  - Interactive Marketing
- Which of the following types of advertising is cited by the text as being the most visible type of advertising?
  - Political Advertising
  - Retail or Local Advertising
  - Brand Advertising
  - Institutional Advertising
- Which of the following types of advertising has as its primary purpose to establish a corporate identity or winning over the public to the organization's point of view?
  - Business-to-Business Advertising
  - Public Service Advertising
- Which of the following would not be one of the four roles of advertising as listed by the text?
  - Marketing
  - Public Relations
  - Societal
  - Economic
- Which of the following would not be a proper marketing communication technique?
  - Retail Pricing
  - Sales Promotion
  - Public Relations
  - Personal Selling
- Which of the following roles of advertising would be properly characterized as being a vehicle for helping consumers assess value through such mechanisms as price?
  - Marketing Role

- Communication Role
  - Economic Role
  - Societal Role
14. Much advertising is directed at keeping current customers. Which of the following functions of advertising is most closely associated with this task?
- Provides product and brand information.
  - Provides incentives to take action.
  - Provides service information.
  - Provides reminders and reinforcement.
15. All of the following would be illustrations of key players in the world of advertising except
- The lobbyist.
  - The advertising agency.
  - The vendor.
  - The audience.
16. Which of the following is a primary reason that a company might choose to form their own in-house advertising agency rather than to use an external one?
- In-house agencies are always more creative than external ones.
  - The in-house agency often provides cost savings as well as the ability to meet deadlines.
  - The in-house agency is better prepared to meet global advertising obligations.
  - In-house agencies are more equipped to use the Internet and direct advertising approaches.
17. The \_\_\_\_\_ are(is) composed of the channels of communication that carry the message from the advertiser to the audience.
- Vendors
  - Production department
  - Creative department
  - Media
18. If freelance copywriter or graphic artist was to be placed in one of the key player categories found in the world of advertising, which of the categories would be the most correct fit?
- Vendor
  - Target Audience
  - The Advertising Agency
  - The Media
19. Which of the following terms has as its purpose to unify all marketing communication tools so they send a consistent, persuasive message promoting company goals to target audiences?
- Intentional marketing communication (IMC)
  - Integrated marketing communication (IMC)
  - Mass advertising communication (MAC)
  - Delegated marketing communication (DMC)
20. Seth Goden coined the term \_\_\_\_\_ marketing. This term is based on the principle that consumers control the marketing communication process, agree to receive communications, and consciously “opt-in.”
- Participation
  - Permission
  - Persuasive
  - Public
21. As indicated in the opening paragraphs of this chapter, the basic premise of this book is that advertising must be simple.
- True
  - False
22. To move consumers to action, an advertiser must gain a consumer’s attention.
- True
  - False
23. Every effective ad implements a sound strategy.
- True
  - False
24. Three key factors listed in the Model of Key Effects are learning, behavior, and imagery.
- True
  - False
25. An advertiser is trying to induce trial of its product. Communication tools that would best induce trial of the product are advertising media and public relations.
- True
  - False
26. According to the text, advertising is defined as being the art of creative manipulation and promotion.
- True
  - False
27. The best-known form of institutional advertising is the Yellow Pages. [Hint]
- True
  - False
28. The main function of advertising, according to the text, is to provide the consumer with relevant information that will aid decision making.
- True
  - False
29. One of the final decisions that are the responsibility of the advertiser is to choose the target audience.
- True
  - False
30. Advertisers hire the media to plan and implement part or all of their advertising efforts.
- True
  - False

31. An in-house advertising agency often performs the tasks of research/planning, creative development, media (planning and acquisition), and production.
  - True
  - False
32. Vendors are composed of channels of communication that carry the message from the advertiser to the audience.
  - True
  - False
33. The Age of Agencies began in 1917 with the birth of the American Association of Advertising Agencies (AAAA).
  - True
  - False
34. According to Seth Godin, the major hurdle for advertisers to get over before they can actually sell something is the fact that most advertising is interruptive.
  - True
  - False
35. The bywords for advertising in the future will be “keep it simple stupid.”
  - True
  - False
36. Briefly describe the Model of Key Effects as presented in the text.
37. Define advertising and briefly comment on the six elements that are key in the definition.
38. Briefly explain the societal role of advertising.
39. Permission marketing is based on three main principles. List and briefly comment on these main principles.
40. Participation marketing is based on five main principles. List and briefly comment on these main principles.

Answer of the questions given above:

1. Effective.
2. Engaging them and delivering a relevant message.
3. The Correct Answer: execution
4. Creative concept.
5. Persuasion
6. Purchase.
7. Advertising Media and Public Relations
8. Advertising
9. Brand Advertising
10. Business-to-Business Advertising
11. Public Relations
12. Retail Pricing
13. Economic Role
14. Provides reminders and reinforcement.
15. The lobbyist.
16. The in-house agency often provides cost savings as well as the ability to meet deadlines.

## LESSON 10:

DEPARTMENTS IN AGENCY, OTHER SUPPORTING SERVICES –  
PR, SALES PROMOTION, MARKETING RESEARCH**Objective**

Students when we will be through with this lesson you will be clear with the departments of advertising agency along with the other supporting service that are provided by agencies in today's world.

**Lets start with how Agencies are Organized?**

If the agency is large enough, it is usually led by a chief executive officer (CEO) and perhaps one or two vice presidents, and has several different functional areas. We concentrate on five of those areas: account management, creative development and production, media planning and buying, account planning research, and item service.

**First lets concentrate on account management**

Can any one of you guess what is the role of an account management?

The role of account management is to serve as a liaison between the client and the agency ensure that the agency focuses its resources on the client's needs. It is also responsible interpreting the client's marketing strategy for the rest of the agency. It develops its own joint of view, which the account manager presents to the client. Once the client (or the recent and the agency together) establishes the general guidelines for a campaign or even one Advertisement, the account management department supervises the day-to-day development of these guidelines.

When are talking about Account management, in a major agency typically has five levels:

- Management
- Repre-sentative or supervisor
- Account supervisor
- Account executive
- Assistant account executives

At times you will find a sixth level that is the **account director**, who is above the account supervisor. But in smaller agency the story is different they basically combine some of these levels and probably have only two three levels.

The management supervisor reports to the agency's upper management. This supervi-sor provides leadership on strategic issues, looks for new business opportunities, helps guide growth and development within the account team, keeps agency management informed, and ensures that the agency is making a realistic profit on the account.

The **account supervisors** are usually the key executive working on the client's business and the primary liaison between the client and the agency. This person directs the prepa-ration of strategic plans, assigns priorities, reviews and approves all recommendations before they are taken to the client; he also supervises the presentation of annual plans and other major rec-ommendations to the client, and ensures that the agency adheres to deadlines and schedules.

The **account executive** is responsible for day-to-day activities that include keeping the agency team on schedule and delivering the services promised to the client. Other functions include seeing that all assignments are completed on time and within budget, maintaining the operating records of the account, preparing status and progress reports, supervising the production of materials, and securing legal or network approval of all advertising before induction begins.

**Next is Creative Development and Production**

In this the creative members of the agency typically hold one of the following positions:

- Creative director
- Creative department manager
- Copywriter
- Art director or producer

In addition to these positions, idly broadcast production department and the art studio are two other areas on here creative personnel can apply their skills.

Generally, the Creative Department has two types of people.

- One is the brilliant and sometimes eccentric creator who - conceives, writes, and produces innovative advertising. A staff is often built around this person as an extension of his or her skills.
- The second type is the coach, who delegates assignments, works with the staff to find an idea, and then molds, improves, nurtures, and inspires the staff. Agencies organize teams around these people, who may be called creative group heads or associate creative directors.

A creative group includes people who write (**copywriters**), people who design ideas for print ads or television commercials



(**art directors**), and people who translate these ideas into television or radio commercials (**producers**). In many agencies an art director and copy-writer who work well together are teamed, and a support group is built around them.

Media Planning and buying this sounds quiet familiar as all of us use the term media quiet frequently.

At times you will find that agencies that don't rely on outside media specialists will have a media department that recommends the most efficient means of delivering the message to the target audience. That department has three functions:

- Planning
- Buying
- Research.

#### Account Planning and Research

Full-service agencies in the United States usually have a separate department specifically devoted to account planning or research. The emphasis in agency research is on assisting in the development of the advertising message. Account planning changed the basic research function by focusing on the consumer's perspective and relationship with the brand. An account-planning department gathers all available intelligence on the market and consumers. Account planners act as strategic specialists who prepare comprehensive recommendations about the consumer's wants, needs, and relationship to the client's brand, and how the advertising should work to satisfy consumers.

Most major agencies conduct research to make the advertising more focused and appropriate to the target audience. They also purchase research from companies that specialize in this area. The leading research firms in each country work on projects for both clients and agencies.

#### Lets see what is this Finance Department doing in an advertising agency

This department is responsible for maintaining accounts, billing and collecting the dues from its clients, verifying the appearance of advertisements in different media in individual cases, checking media invoices against orders, paying the bills to the media owners and looking after all the routine matters relating to accounting, recording etc.

**As we have seen that there is a research department in an ad agency similar now many big advertising agencies are also providing public relation services to there clients by opening a Public Relation Department so that there client can find all the services under one roof**

#### PR Department

The growth and survival of an advertising agency depends very much upon the public opinions, supports and feelings. The department establishes and maintains mutual understanding between the organization and the public. It is public opinion that decides the destiny of the agency. It raises morals of the agency personal and goodwill for the company. It department is headed by Public Relations Director who is to struggle hard to maintain always high opinion about the firm. Thus it performs a liaison work between the clients and the various sections of the Public customers, employees, middleman, and shareholder.

An agency maintains the above departments but the nomenclature and the number of department may vary from agency to agency depending upon the size of the business. The agency may take help from outsiders or specialists of two or more departments may be carried out by one department.

**So as to have a better understanding of PR services just go through this article.**

#### The Role of Public Relations in Marketing

**Chris Faust**

#### Founder & CEO, Break Through Communications

Understanding how you can unleash the power of public relations (PR) to support your sales and marketing efforts is vital to increasing mind share and market share. Here are five basic areas where PR can contribute to the overall success of an integrated program: By design, PR is one of the most effective ways to truly influence the influencers. Dollar for dollar, there's no better alternative to boosting your company or product's credibility than through top-tier business or trade press, industry or financial analysts and other opinion leaders.

And like most sales and marketing efforts, the more focused your PR efforts, the better the results. For example, the "Pareto effect" applies where 80% of your positive editorial coverage should come from approximately 20% of your targeted, high-profile media, analysts and other key influencers.

PR as external brand ambassador and internal catalyst. Increasingly, PR professionals are called upon to develop and/or support the brand communications component of a marketing or advertising plan. This is a smart move for a company that understands that all communications is marketing and that all marketing is communications.

And, not all of your PR efforts should be externally focused. PR can help support or drive your employee or sales communication and retention efforts. If you're not communicating effectively internally, what does that say about your external communications? PR professionals are schooled in benchmarking attitudes, altering perceptions, changing behaviors, measuring results and fine-tuning their tactics over time.

Building consumer trust. PR is uniquely qualified to help restore "damaged" brands or companies that are being negatively perceived either directly or indirectly. A well thought out and strategic public relations campaign can go a long way to winning back support and demonstrating the social responsibility of an organization.

Speaker's Bureau and event marketing support. If you're regularly attending or exhibiting at regional or national events, PR can help increase your ROI. For example, placing your CEO or top expert in one, prominent venue can lead to new business and strategic partnership opportunities, enhance company valuations, accelerate recruiting efforts and further raise your company or product's awareness among target constituencies.

PR can also help drive or extend sales promotion programs and enhance existing client and partner relationships. For example, you can get a lot of mileage out of success stories when done right.

In addition, PR provides a powerful, cost-effective method of selling new ideas; breaking into new markets; changing long-

standing beliefs; launching, merging or acquiring companies; and rolling out new products, services, features or solutions.

PR is an integral component of any well-balanced and integrated marketing mix. At a minimum, PR as a percentage of your marketing budget should be in the neighborhood of 15% - 25% (excluding expenses and overhead). Otherwise, you may not be investing or allocating your resources optimally and most likely receiving lackluster performance as a result.

And while outsourcing a fair portion of your PR efforts may be more fiscally responsible, you'll want to ensure you're staffed adequately in-house (based on marketing goals, breadth and depth of the program, company size, etc.) to effectively maximize your PR efforts. When carefully planned, PR can significantly increase sales, build brand momentum, enhance customer loyalty and contribute to the success of your integrated sales and marketing efforts.

#### What are the Internal Services of an Agency?

The departments that serve other operations within the agency are called internal service departments. They get the work produced, get it to the media, handle the finances, and manage relationships with employees. These include the traffic department, print production, financial services, and human resources or personnel.

The traffic department is responsible for internal control and tracking of projects to into declines. The account executive works closely with the assigned traffic coordinator or traffic manager to review deadlines and monitor progress. The traffic department is the lifeblood of the agency, and its personnel keep track of everything that is happening in the agency.

Taking a layout, a photograph or illustration, and a page of copy and turning these elements into a four-color magazine page or full-page newspaper advertisement is the work of the print production department.

Whether large or small, the agency must send its invoices out and pay its bills on time, control its costs, ensure that expenses incurred on behalf of a client are properly invoiced to that client, meet its payroll, pay its taxes, and make profits within its budget. Finally, an operation of any size requires keeping personnel files and records. The larger the agency, the more likely it is to have a professional human resources or personnel staff.

With the increasing demand for integrated marketing communication programs, agencies are often adding internal departments that provide the specialized functions they regularly use. An agency may include its own public relations, sales promotion, direct marketing, and event marketing departments. An agency handling a major car account may have a separate department to produce collateral materials such as brochures and other product information and work with dealer groups.

#### There are certain activities which are not directly related to advertising but still an ad agency is supposed to do those and they are called as Non-Advertising Activities

Recently, agencies provide a wide range of one-advertising and marketing activities. They provide help in selecting target consumer; such agency, which have moved into these activities, in essence, become marketing specialists or consultants. In fact, some organizations virtually term the planning and directing of

the marketing programme over to agencies. The non-advertising marketing services are performed either by the agency itself or it arranges the specialists for such services. The company's decision to borrow the services of an agency management perceives that:

- a. Its competitive environment is rapidly changing (as contrasted with a stable environment).
- b. The agency has much knowledge above the products and the industry; and
- c. The costs of agency services are lower than the costs of alternative sources.

Thus, advertising agencies provide a wide range of advertising and non-advertising services to their clients and thus they share the burden of their accounts. They take up the responsibility of carrying out the full advertising campaign. In recent years, limited service agencies have sprung up that provide faster service at lower cost.

#### Now let's discuss this article, which talks about the relationship between the client and agency.

Agency-client relationship getting shorter

**Akshay Bhatnagar**

**Economictimes.com [Monday, April 26, 2004 03:57:16 PM]**

**New Delhi:** The business relationship life span is getting shorter and shorter. No day is missed when you don't see a media headline claiming a client has changed his ad/media agency or a client has called for a pitch. Gone are the days when ad agencies were treated as equal partners in the growth of brand by the clients. Agreed we still have exceptions like Fevicol-O&M kind of decades old association, which is still going strong. But as per industry estimate, almost Rs.600-800 crore of media business changes hands every year.

The change of an agency is not an easy process. The client has to make a close scrutiny of its existing agency's performance, select and invite other agencies for a pitch, go through lengthy presentations of the interested agencies, negotiate hard with the agencies, educate about the brand(s) and closely involve the new agency in its growth plans. Still there is no guarantee that the new agency will perform better than the previous agency as desired by the client. And one might end up repeating the entire exercise again losing precious time and money in the process.

With so many risks involved what makes the client go for a new agency hunt? Hemant Sachdev, corporate director marketing of Bharti Enterprises responds, "The break-up happens as the agency and client lack the shared intent. At times, the agency picks up an account with the intention to just increase its billings. Whereas the need of the hour is to forge a relationship with the intent to build the brand together."

Sachdev's views are right but clients have their own way of thinking for changing their agency, which defies all kinds of logic. Take this. Shekhar Swamy, president of RK Swamy BBDO shares his own experience on this as he says, "We had a relationship going smoothly for more than four years with a particular client. There was a change in guard at the client's end with a new MD taking over. The new MD told us that though they are quite happy with our performance but they want to

change their agency just for the sake of change. He had no answer when I probed him further on the logic behind the change. We lost one of our valued for such a flimsy reason.”

Oftenly when a client goes through a rough patch, the agency is made the scapegoat. “Many times I have seen clients firing their agency despite a superb marketing communication effort by the agency team on account. The reason given – failure of the client’s sales team to meet the targets,” says Rajeev Karwal, MD of Electrolux India.

**Now lets move on to company and see who handles work at their end in the organization.**

**The company that hires advertising agency also requires a person at their end who can handle matters related to advertising. He/She is called as advertising managers.**

**Lets see in detail about advertising manager.**

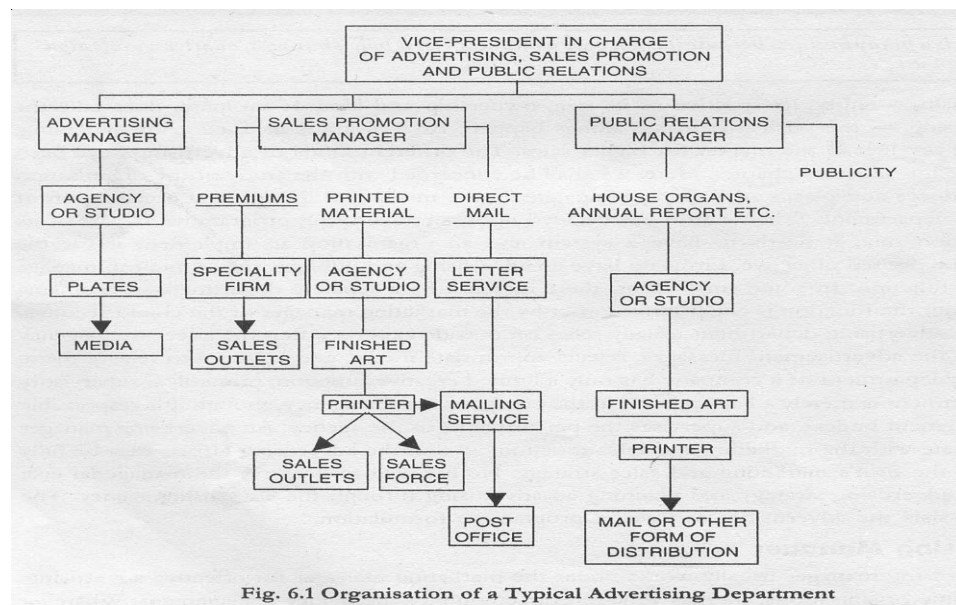
#### The Advertising Manager

The advertising manager usually works under the marketing manager for effective advertising. However, in some organizations, he/she may function directly under the higher management. Whatever may be the hierarchical levels, the advertising programmes should be in conformity with total market planning. Product managers and brand managers have also to co-ordinate with the advertising department for appropriate advertising efforts, so that a particular product or brand may receive an adequate promotional support. The hiring of an advertising agency is a function of the advertising manager. If the agency has to be changed, the recommendation to that effect is made to the higher management by the advertising manager.

In a large corporation, the advertising staffs are employed for different product/brand line. Product or brand managers develop the advertising and promotion needs of their products or brands. Similarly, sales managers determine the kind of advertising support they need for sales, and distribution managers inform it of the advertising support they require. All these requirements are coordinated by a manager, who is known as the advertising manager. He sets the advertising objectives and communicates them to the agency. In a typical, large-size organization, the advertising manager reports to the vice-president in charge of advertising, sales promotion, publicity and public relations with a view to determining an effective total promotion mix. An organization structure of such a comprehensive advertising department is depicted in the figure below. The advertising manager and his department work closely with the agency in the preparation of the ad budget the media schedule, the creation of individual ads and the schedule of their release. Very large organizations may hire the services of

more than one ad agency to cater to the varying nature of their advertising jobs.

**Figure depicting Organization of a Typical Advertising Department**



**Fig. 6.1 Organisation of a Typical Advertising Department**

#### Retail Store have Advertising Department

Retail advertising, though very common in the USA, hardly exists in our country. American newspapers and radio stations are full of retail advertising. In fact, these media would not be able to exist without retail advertising, which is their important source of income. Retailers, such as department stores, advertise their goods in the local market through the local media in the form of brochures and newspaper inserts. In fact, people do look at such newspaper inserts for a good buy of their choice products. Retail advertising is different from a manufacturer’s advertising in the sense that most retail firms do not employ the services of an advertising agency. One of the important reasons for this is the non-payment of commission by media to the agency, whereas in the case of a manufacturer’s advertising, the media pay about 15 per cent commission to the agency to compensate it for the services it renders. This is why retailers have an advertising department, which does all activities of advertising, unlike a manufacturing firm.

#### Lets concentrate on functions of the Advertising Department

Just as the organizational structure of an advertising department varies, the activity profile also is subject to change from one organization to another. Kleppner has identified 14 activities, which include all the major functions an advertising department in a manufacturing organization is supposed to carry out. These are:

1. Determine in consultation with top management the advertising goals, the advertising budget and the advertising plan.
2. Help select the advertising agency.
3. Set up a plan of activity, allocating which work is to be done by the agency and which by the advertiser. Establish with top management the internal division of such non--



commissionable duties as sales promotion, research and public relations.

4. Transmit the policy and problems of management to the agency; keep it informed of changes in marketing strategies and other related areas.
5. Decide upon the proportion of the appropriation to be assigned to different tasks in the advertising programme depending upon the importance of these tasks.
6. Approve the plans for advertisements by the agency and by others who work on the advertising problems.
7. Prepare, purchase and issue sales material - point-of-purchase displays and direct mail, including receipts, dealer advertising service, premiums (unless company has separate premium departments).
8. Prepare, issue and control billing of corporate advertising.
9. Keep the sales force informed of forthcoming advertising.
10. Prepare portfolios of advertising for the salesman's use in showing advertising to the trade and to other distributors.
11. Work with the sales department in preparing special programmes.
12. Prepare instruction manuals for those who will sell and use the product; all in all, do everything possible to make the most effective use of the advertising investment.
13. See that all mail enquiries are answered with mailings as required.
14. See that all bills are properly checked; keep an account of funds and prepare proper reports for management.

The ad manager in charge of an advertising department has both managerial and operational functions. He is responsible for interacting with agencies and the media. He pays attention to outdoor aids. He takes part in campaign planning and media planning. He frames an ad budget, and allocates it. He is responsible for broadcast media. He gets POP prepared. He is the man behind SP and merchandising. He maintains press relations, and PR functions. He brings out a house-journal. He is appointed on the basis of his knowledge of advertising and journalism, his knowledge of the industry, his management background, and his marketing background. He maintains a good client agency relationship so essential for the success for the campaigns.

To summarise, the advertising manager performs the following functions:

Advertising Functions		Managerial Functions	
1.	Making the ad budget	1.	Admission in general
2.	Coordinating with the agency	2.	Goal setting for advertising
3.	Making the ad strategy in collaboration	3.	Making advertising understandable
4.	Determining the ad efforts	4.	Participation with higher-ups about his function
5.	Evaluation of the advertising	5.	Representing the organisation
6.	New developments in advertising	6.	Creative thinking with respect to his functions

The article, which is given by Mr. Vivek Sharma discusses about change in the role of advertising agency in relation to marketing from his experience.

## Unbundling of Marketing

**Article by** Vivek Sharma from O&M from Business world.

During my marketing stint in the UK as a brand manager, I saw that the world of advertising was increasingly getting specialised. The classical ad services - media buying and planning, packaging design, consumer/trade promotions, event management and public relations - were becoming specialised offerings. The classical ad agencies began to focus on the consumer and creative products, some even on specific consumer segments like children. This development recognised that different competencies are required to handle different tasks in advertising/communication.

But this ignored the assumption that marketing needs no change. It is this that needs to be reviewed now.

### The Changes Around

It is incorrect to assume that the pressures that led to the unbundling of advertising should have no impact on marketing. Let us look at some of the fundamental shifts in the Indian market that are influencing the way in which a marketer operates today, or should do so in the future:

**Experience of low-growth economy:** Since the boom of the 1990s the Indian marketer is experiencing low growth for the first time. Now growth has to be created - this is a new experience for many marketers.

**High degree and different nature of competition:** The number of competitors have grown and their nature, too, has changed. Now, competition comes from cheap imports from China (toys, electronics); the aggressive Koreans with deep pockets (LG, Samsung, Hyundai) who are delivering high value; and the local regional competitors (CavinKare, Paras, Ghari Detergent) who are constantly improving the marketing mix delivered by the MNC marketers. The enemy now has different faces in different places and the marketer's response has to keep changing with place and time.

**Non-linear, chaotic market behaviour:** Simple product-led market segment definitions and their linear links to economic factors like consumer income can no longer explain the growth dynamics. The consumer spends more on, say, colour TVs, mobile phones, holidays and education, but downgrades to value brands in categories like toothpaste. And the marketer has to now deal with this non-linearity.

**Less definitive relevance of life stage and income:** The 30-plus segment today behaves like the youth - consuming its apparel, music and entertainment, while the youth often display the maturity of middle age. Consumer aspirations and consumption are no longer rigidly linked to life stages. So, value brands in segments like soap and toothpaste find favour with SEC A while top-end mobile phones, TVs and

audio CDs have penetrated SEC C. So we have the 'evolved SEC C' and the 'value-conscious SEC A'.

**Socio-cultural psychological state of consumers is fluid:** It is no longer possible to box consumers in one or two socio-cultural states, e.g., 'conservative' or 'global yuppie'. His social orientations change according to situations. For instance, Mr. Kapoor starts his morning by being the 'traditional son' touching his parents' feet; goes to the gym and interacts with youngsters - reliving 'youth'; back at home, he is the 'open and tolerant father' to his son and the 'traditional, conservative father' to his daughter; he is the 'ethnic, Punjabi' at work but the 'suave, global sophisticate' at a foreign business delegation dinner.

**New cultures emerging every day:** These are technology-led - SMS, online chats and email. They spawn their own cultures that allow openness in sexual expressions and a wider network of relationships. Each culture has its own behavioural nuances and socio-cultural norms. This alters the tongue a brand speaks and the ways in which it relates to consumers.

#### The Marketer of Today

So where is the left-brained MBA marketer in this scenario? How is he/she coping with this ever-fluid, non-linear situation? Does grinding through the definitive and linear realities of sales and distribution, even manufacturing, equip one to run the marketing function? The key is to find 'the essential marketing competency'.

**Getting to the core of marketing:** The marketing function comprises of three distinct functions, namely, (i) brand management; (ii) project management and (iii) managing profit and loss accounts (P&Ls). Let us look at each of them:

#### Brand Management

Marketing derives its power from the brand and the premium it allows to be charged from consumers. Brand management is the core of marketing. It involves tracking the social and consumer megatrends, in-depth understanding of the psyche and emotions of consumers and identifying the need gaps for product/services brands arising out of them. Brand management is a very 'outside in', holistic view of the consumer world and its link to brands, not just of a specific product category.

The first essential part of brand management is creative ideas. Ideas for developing the product, pricing or distribution mix can come laterally from making unusual connections. For example, the design changes for colour TVs can come from cellphone or car styling; décor/colour trends for homes can emerge from the dressing styles of people, low pricing of mobile phone handsets by telecom providers to increase penetration/usage of their services. A new energy drink emerged from transplanting a traditional Thai drink into Europe; choco-paste tubes a la Cadbury's Chocki were first introduced in South-east Asia due to the inability of manufacturers to keep chocolate solid in the hot climate and so the idea to give it to children 'as it is'. This is use of creativity in developing elements of marketing mix.

The second part of this task is management of brands; not in the traditional sense of keeping them profitable and growing (which are equally important), but nurturing them, keeping them relevant and exciting. This requires deep understanding of people's emotions and their relationship with the brand. It is an emotional task of treating brands like persons and not reducing

them to components like packaging, price, product and advertising.

The third part of brand management is treating consumers like people, not mere statistics. It needs listening to people, watching them and treating personal observations as critical inputs along with consumer research. The people observations can be intuitively used in any non-linear fashion. It is about the finer understanding of the fluid socio-cultural, psychological states of consumers. Brand management is about absorbing the world around you and making creative linkages between disparate pieces of information. It is the softer but the more difficult part of marketing.

The competencies required for brand management are right-brained creative thought, lateral interpretation of data, understanding of sociology and psychology and an aptitude for connecting information from different areas. Comfort with ambiguity and ability to rely on intuition are necessary. The basic brand management techniques taught at B-schools are relevant, but are, well, basic. The softer competencies are aptitude-driven. Either you have this open, non-linear, intuitive and creative aptitude or you don't. And this separates inspiring marketing persons from the rest.

**Project management (marketing implementation):** This is a mix of activity management and (a little bit of) brand management, i.e., managing launches/re-launches, discontinuation of brands, consumer/trade promotions, distribution initiatives, key account management, etc. This is the day-to-day running of brands. It involves working with internal partners like R&D, production, finance, logistics and external partners like R&D and ad agencies and collaborators to finish the projects on schedule. The project management part of marketing involves a thorough appreciation of the interdependence between marketing and other internal organisational functions. Quality and timely delivery of each of the component tasks is critical to meeting the big objective. At various stages of the project, proactive problem identification and troubleshooting is critical. Most of the task is rational, it does have a little brand management in the area of positioning, effect of launches/re-launches, promotions on the direction a brand is taking, etc.

The skills required to manage this part of marketing are rational, analytical and linear. It does involve some hard marketing skills taught at B-schools (like deciding on brand portfolios, segment identification and decision to launch/re-launch). But much of it comes with experience (timelines, levers to press with internal functions and outside agencies) and, thus, can be acquired.

Reductionist skills are very useful here as most big tasks have to be reduced to their components and then resolved separately by various specialists (R&D, production, distribution, etc.). This part of marketing has similarities with handling big engineering tasks through project management techniques. So engineer-MBAs are good at this.

Marketing people do not directly do most of the component jobs but get them done by specialists - product development by R&D, timely delivery of stocks by production and logistics, costing by finance, advertising and research by agencies, distribution by sales, etc. Getting work out of people who do not



report to you is tough and requires good persuasion and people management skills. Assertiveness and tact in managing internal and external partners is critical. These soft skills can partly be learned, but are personality and aptitude dependent.

The most important skill needed here is leadership - an ability to lead and orchestrate various internal and external functions into delivering the end task without being master of any. It is the soft skills that distinguish an excellent marketing person from a mediocre one and most of these skills cannot be taught. An MBA marketer is more likely to succeed in project management than in pure brand management as most of the first is hard and rational in nature and can be learned over time.

**Managing P&Ls:** From an organisation's point of view, this crucial task consists of managing the hard, financial side of marketing. It involves managing the P&Ls of brands, categories, groups and the whole of marketing, as well as expanding the company's brand and/ or product portfolio by acquisitions. It is most often the prerogative of senior management and needs a deep understanding of the effect of marketing variables on different parts of business in financial terms. The mundane part of this task lies in balancing the marketing budgets and managing marketing as a cost centre - quite an administrative task when reduced to its basics; a generalist job at the best.

Short-term promotion-led growth, quick-fix cost-reduction programmes or inappropriate brand acquisitions to show immediate P&L results are common, yet unavoidable, follies associated with this task of marketing. The skills required for this part are mathematical, logical, financial and analytical in nature and can be taught and learnt - either at business schools or on-the-job.

It is quite ironical that the skills for this senior marketing job can be learnt but the skills/competencies required for the core brand management at all levels cannot always be taught in the current form of teaching/learning formats.

Just as advertising has unbundled in many developed markets, marketing needs to unbundle its tasks and decide what is at its core.

It appears that the core competency of marketing is brand management.

### Unbundling of Marketing and the Future of Brand Management

The typical MBA marketer does not necessarily possess the skills and aptitude to do justice to the more complex needs of brand management. Either the marketing function can specialise and develop these skills internally or outsource the brand management part of marketing.

**Internal development of specialist brand management:** The immediate alternative solution to outsourcing is internal specialisation. The first step to this can be a transition into a specialist's organisation structure, like in Hindustan Lever (HLL). There marketing is split into 'activation' (implementation) and 'innovation' (core brand management). The boundary between the two is hazy. This structure recognises the fact that different tasks and competencies are required to run the core brand management and project management. However, this structure may have its own set of issues.

First, who is fit to be in 'activation' and 'innovation'? It requires mapping of talent in the company and deciding on the basis of skills and competencies who is suitable for which? If these two streams are used only to fit existing pool of people in sales and marketing, it may defeat the very purpose of streaming the marketing tasks into two.

Second, this structure may end up creating a brahminical order within marketing, with 'innovation' being considered superior to 'activation'. This means the activation people may spend their time waiting to get into 'innovation'.

Third, there is the usual conflict between people in innovation and activation working on the same brand with their diverse perspectives - innovation tends to have a longer-term approach and activation a shorter-term view!

**Outsourcing of brand management:** Does the parallel with advertising imply that the core brand management can be outsourced or unbundled like media in advertising? Quite likely. The separation of brand management from marketing implementation (project management) is possible. In fact, it is happening with brand consultants working for Indian SMEs and business houses with little marketing expertise, or with outside brand consultants or new agencies being brought on to give a new strategic shift to an existing/ ailing brand in large marketing organisations.

This trend could shift to larger marketing organisations too. If the hard strategic consulting can be successfully out sourced to experts like McKinsey and Company and Boston Consulting Group, and the implementation left to the doers in the organisation, then why not with brand management.

Core brand management can be outsourced to experts if marketing organisations accept that it may no longer be their core expertise to manage the psychological and social aspects of the fluid and complex consumer. So, who are the outside experts likely to occupy the core brand management slots? They are ad agencies, market researchers and management consultants. Any of these could morph into the consumer expert. They will give the blueprint for core brand management and will partner the brand owners in implementation on a continuous or one-time basis.

### The Future

The internal specialisation attempt with organisational restructuring is only a transition step in the process; the outsourcing of the core brand management will be the ultimate result. The existing project management will form the core of marketing in the organisation, with support from the P&L management.

This implies that in future, there will be little place for generalists heading P&Ls as marketing experts; the pure brand specialists must replace them. The senior marketing person will necessarily need to have the skills and competencies in pure brand management to enable him/her to give direction to the outside specialist brand consultants. Playing captains will replace the non-playing ones.

If one questions the assumption stated in the beginning of this article and examines marketing competency, it leads to one conclusion that the soft part of marketing has been ignored, but in the future, it will claim its rightful place.

The author is business director at Ogilvy & Mather Advertising, Mumbai. Prior to this, he was a senior marketing professional at Warner Lambert and Cadbury Schweppes. The views expressed in this article are his own. The author can be reached at [vivek.sharma@ogilvy.com](mailto:vivek.sharma@ogilvy.com).

Notes

## LESSON 11: TUTORIAL

### Objective

Student by the end of this tutorial you will be able assess your knowledge regarding advertising agencies

### Quiz

1. Which of the following is NOT a participant in the integrated marketing communications process?
  - A. The client
  - B. The human resources manager
  - C. Sales promotion agencies
  - D. Media organizations
  - E. Public relations firms
2. What are the primary duties of any advertising manager in a centralized system?
  - A. The duties are limited to planning, budgeting, administration, and execution.
  - B. The primary duty of an advertising manager is to oversee the outside advertising agencies and services that are responsible for all budgeting, execution, and evaluation.
  - C. The primary duty of an advertising manager is to find outside providers of promotion services and periodically evaluate the results of their promotional efforts.
  - D. The primary duty of the advertising manager varies with the size of the target market(s).
  - E. The primary duties of any advertising manager depend on the importance the firm places on promotion and vary from organization to organization.
3. An advantage of the \_\_\_\_\_ system for organizing is that each brand receives concentrated managerial attention, resulting in faster response to both problems and opportunities.
  - A. Decentralized
  - B. Hierarchical
  - C. Span of management
  - D. Tactical
  - E. Centralized
4. According to the text, the main reason outside advertising agencies are used is because:
  - A. They allow for more top management involvement in advertising decisions
  - B. The Federal Trade Commission recommends outside firms in order to avoid accusations of insider trading
  - C. They provide the client with the services of highly skilled individuals who are specialists in their fields
  - D. They are less expensive than other methods of organizing a company for advertising efficiency.
  - E. The outside agencies are able to respond more quickly to environmental changes than any other organizational system
5. In advertising agencies, copywriters would be a part of:
  - A. Media department
  - B. Creative services
  - C. Research department
  - D. Traffic department
  - E. Marketing services
6. Creative boutiques:
  - A. Are departments in most full-service advertising agencies
  - B. Are used when an advertiser wants to reach a market that is not responsive to ads in traditional media
  - C. Are types of full-service agencies that limit their activities to guerrilla marketing campaigns?
  - D. Only provide creative services to their clients
  - E. Coordinate IMC campaigns so that the campaigns have consistent messages
7. Which of the following statements about how advertising agencies are compensated for their services is true?
  - A. The traditional method of compensating agencies is the payment of a flat-rate plus a percentage of sales.
  - B. Agencies receive a 15 percent commission from each client.
  - C. The commission paid to agencies is the same no matter what media is used.
  - D. Most agencies today do not use negotiated commissions because they are time-consuming.
  - E. None of the above statements about how advertising agencies are compensated for their services is true
8. The advertising agency's evaluation process involves two types of assessments. They are the financial audit and the:
  - A. Qualitative audit
  - B. Social audit
  - C. Quantitative audit
  - D. Creative assessment
  - E. Cumulative effect
9. Why do agencies lose clients?
  - A. The agency's markups are too high.
  - B. The client does not want creative advertising.
  - C. Clients traditionally change advertising agencies every three years to keep their IMC campaigns fresh.
  - D. The client and agency fail to sustain the level of communication necessary for a good working relationship.
  - E. All of the above statements describe why agencies lose clients.

10. Speculative presentations are:
  - A. what creative boutiques call storyboards
  - B. The name given to lavish, electronic billboards
  - C. One technique agencies use for gaining new clients
  - D. The source of a great deal of conflict between agencies and their clients
  - E. Described by none of the above
11. A typical direct-response agency is divided into three main departments. They are:
  - A. Research, account relations, and creative
  - B. Account management, creative, and media
  - C. Research, list management, and creative
  - D. Account management, list management, and creative
  - E. Research, account relations, and list management
12. In terms of the participants in the integrated marketing communication process, printers, video production houses, and package design firms would all be characterized as:
  - A. Clients
  - B. Specialized advertising agencies
  - C. Creative boutiques
  - D. Collateral services
  - E. Marketing communication specialists organizations
13. Which of the following statements about integrated marketing communications services is true?
  - A. Proponents of integrated marketing communications services contend maintaining control of the entire promotional process achieves greater synergy.
  - B. Opponents of integrated marketing communications service claim an agency's efforts to control all aspects of a promotional program are nothing more than an attempt to hold on to business that might otherwise be lost to independent providers.
  - C. The use of an integrated marketing communications service makes it easy for the client to coordinate all of its marketing efforts.
  - D. A client that hires an integrated marketing communications service can create a single image for its product and address everyone, from wholesalers to consumers, with one voice.
  - E. All of the above statements about integrated marketing communications services are true.

Just go through this Article:

### How to choose an Advertising Agency

Everything you need to know about hiring the right firm for your business

By Nate Hendley

PROFIT-X / December 18, 2003

Advertising works — when it's done right. Done wrong, it not only costs you a bundle, but can actually undermine the credibility of your firm.

However, finding the ad agency that will put your muscle in your marketing can be a daunting task. So PROFIT-X asked

two industry experts: What should firms consider when hiring an ad agency?

### Determine your Needs — and your Budget

Before looking at different agencies, you should have a clear definition of your needs, suggests Andrew Macaulay, a founding partner of Toronto-based ad agency Zig, whose clients include Holt Renfrew and Lavalife.

For example, are you set on a television commercial? Newspaper advertisement? Perhaps you're looking for someone who can optimize your presence at tradeshow.

If you are unclear about your needs, then you should at least have a sense of "how serious your commitment is," says York University's Alan Middleton, professor of marketing at the Schulich School of Business in Toronto. Translation: know how much money you're willing to spend.

### Search High and Low

How will you find an agency? There are several avenues to explore. Trade associations such as the Institute of Communications and Advertising (ICA) and trade publications such as Marketing or Strategy should be your first stop. The ICA runs a website at [www.agencysearch.ca](http://www.agencysearch.ca) that offers information about advertising firms, including their size, accounts, areas of strength and history. Marketing ([www.marketingmag.ca](http://www.marketingmag.ca)) runs an annual issue on the top advertising agencies of the year and regularly carries notices from freelancers looking for work.

Of course, word of mouth often works best: ask friends and colleagues about their experiences with various agencies.

### Big vs. Small, Old vs. New: What to do?

Should you go with a well-known, national ad agency, or a local, niche firm? Consider the pros and cons. A big firm usually has more than one core strength (such as creative abilities, marketing skills and strategizing) and can produce a wide array of advertising (such as TV, radio, outdoor, subway, newspaper and magazine and online). As a client of a huge firm, however, you run the risk of being treated "as an afterthought," warns Macaulay. Small firms are generally better at offering up-close-and-personal treatment, but have fewer core strengths.

New firms generally have "more enthusiasm and nimbleness" than older firms, continues Macaulay, while older firms have "depth and track record." Still not sure? Talk to fellow entrepreneurs about what has worked for their firms.

### Narrow it Down

Once you have an idea of what's available, make a shortlist of five or six advertising firms, suggests Middleton, and contact these firms over the phone to discuss your needs. Whittle your shortlist down to three companies, and ask them to make a presentation, including case histories of work they've done for previous clients. Judge for yourself whether there's chemistry between your staff and their staff.

### Don't Expect a Free Lunch

Be aware that most agencies won't create freebie ads to win your business. "Speculative pitches" — mock ads created by an agency at their own expense in order to attract new clients — are frowned upon in advertising circles, as agencies view such pitches as akin to cheating, acceptable only when a huge account

Advertising isn't inexpensive. Here are some ballpark prices for you to ponder:

A radio spot costs about \$10,000 to produce, and another \$500 to \$5,000, depending on when and how often you run it

A print campaign in a high end magazine with national distribution could cost \$350,000 to \$500,000

Just producing a quality television advertisement can cost about \$250,000

Outdoor advertising is good value for your dollar because you can reach huge audiences

Unaddressed direct mail (a.k.a. junk mail) is cheap, at as little as 3.7 cents apiece.

If your budget is tight, consider hiring a freelance advertising designer or copywriter over an agency, suggests Middleton.

## Notes



## LESSON 12:

### STRUCTURES, ROLE OF ACCOUNT HANDLER AND ACCOUNT PLANNER, PROCESS AND METHODS OF AGENCY SELECTION

#### Objective

Students By the end of this lesson you will be clear with the structure of an advertising agency and the process of selecting an ad agency.



In our previous lesson we have discussed about advertising department let us see what is a structure of an advertising department.

#### Organization Structure of Advertising Department

All major advertisers maintain an advertising department. The structure of the department however may vary from one organization to another, as each one tries to develop a form, which is most suited to one's requirements. The principal forms of organizational structure are based on

- Sub-functions of advertising, such as copywriting or artworks
- Communication media.
- Geographical spread
- Product
- End users.

Irrespective of the specific form, the advertising department has to perform several functions. **Principal among these are setting advertising goals, plan and budget, selecting the outside ad agency, maintaining contacts, providing support to the marketing staff and monitor the functioning of the ad agency.** Selecting the ad agency is one of the important tasks of the advertising department. Several criteria, including experience, size, track record and the quality of the personnel, are considered in the selection process.

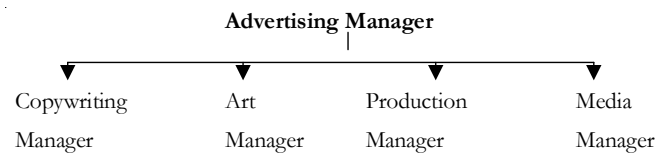
As you know, there are different categories of advertisers. Depending upon their functions, each organization develops its own structure, of which advertising department is a part. What is important in this connection is to analyze the functions an advertisement department is expected to perform.

#### Let see what is there in Organization is a Manufacturing Unit

Manufacturing firms carries out bulk of advertising. It is therefore, necessary to understand the various principles on which the advertising department can be organized in manufacturing units. The basic principles are:

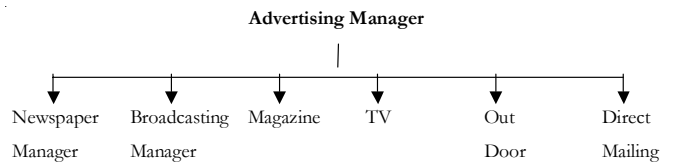
##### a. By Sub-functions of Advertising

Advertising as a function can be segmented into its various components, such as, Copywriting, Art Production and Media. Each component can be handled by a specialist who in turn reports to the advertising manager.



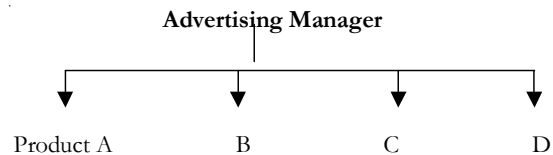
##### b. By Media

This structure would involve segregating the total man load on the basis of the media to be used, such as Newspapers or TV



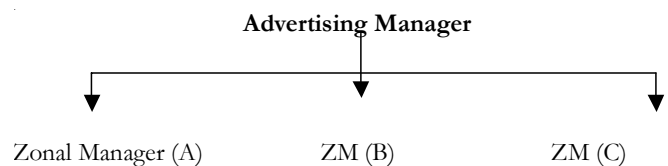
##### c. By Product

In large multi product firm, the advertising department may be organized focusing on a product/ product group. Each manager would be given the responsibility of one brand or several brands.



##### d. By Geography

If an organization has distinctly different regional marketing problems and plans, including advertising plans, it may follow a structure based on geographical location of markets.



### e. By-End-Users

Sometimes, the same product may be sold to different market segments and it is necessary to plan advertising to take care of the divergent buying behaviours of the different segments. In such a situation, this organizational structure may be desirable.



### Lets see how the Reporting Structure works in an advertising department.

The advertising manager has to report to somebody who is higher up in the organizational structure. To whom the advertising manager would report depends upon how much importance advertising is given in the total operations of the firm. There are several alternatives. These are:

- Report to the Chief Executive (Chairman/M.D.)
- Report to the Director (Marketing)
- Report to the divisional head if the firm is a multi-division firm and responsibility is delegated at the division level.

### Should advertising be done on a centralized basis or should the responsibility be delegated to lower levels - say product or geographical divisions?

Lets try and answer these questions.

**A Centralized Advertising Activity** has been defined by M.E. Ziegenhagen, Director of Advertising and Public Relations, Babcock & Wilcox Co., as that which - is located at or directed by corporate headquarters, reporting to a corporate sales or marketing Head or in top management.

In operation it gets the necessary product, market, and budget information from the divisions it serves and then controls the execution of the various programmes by :

- Providing the needed information and guidance to the advertising agency and other services; and
- Then reviewing and approving the completed work before getting division approval. [See Roger Barton (Ed.), Handbook of Advertising Management, 1970].

**Where as a Decentralized Advertising Activity** is operated and controlled by individual units located in each major division, usually reporting to a division head or to a division marketing or sales head. The division advertising, sales and marketing people control both the 'what' and 'how' of the advertising job, getting only advice and counsel plus miscellaneous services from a central advertising function.

If we see in practice, however, it has been found that most companies follow the centralized pattern of advertising organization. There are at least two important reasons for it.

- It is difficult to transfer the tasks of preparation and execution of creative advertising from the few to the many without loss of efficiency to a great extent.

- Most companies entrust their advertising work to outside agencies and it is more convenient to deal with them in a centralized way.

### As all of us now that none of the departments can work in isolation, it holds true for advertising also. So now lets see the Interface with other Departments.

Advertising and, therefore the people, manning the advertising department, do not function in a vacuum. As you know that Advertising is a tool of marketing. It is done to achieve a specified short-term or long term goal. The advertising staff, therefore, must actively interact with other departments most importantly, marketing and sales. The interaction has to be intensive to draw up a coordinated marketing plan, of which advertising is a part. In fact, not only the advertising department, but also the outside advertising agency it may have employed, would have to be actively associated with the formulation of the marketing plan.

In companies, which realize the importance of advertising in its proper perspective, the advertising department gets useful inputs from sales, product and brand managers; from marketing heads, general managers and top management and also from many others in the engineering and manufacturing departments who provide valuable advice in respect of appeals to be focused and also other advertising matters.

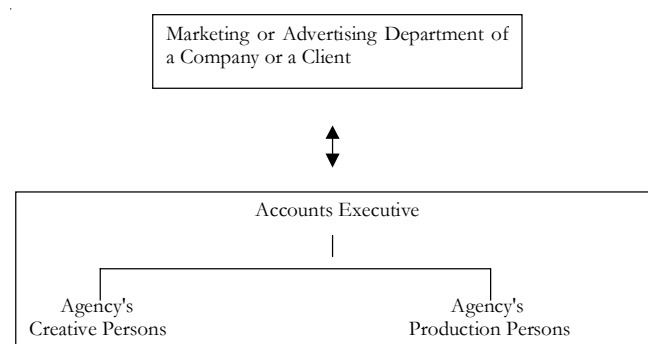
I think the entire topic, which we have covered, related to advertising department is clear to you.

### Now lets move on to advertising agency and focus on the Functions Of Advertising Agency.

To start with lets see about Accounts Executive or Director: Key Executive of Agency

The agency's key executive is Accounts Executive (he is accounts director when he is a member of the Board in case of a limited agency).

**Account** in advertising parlance means a client. Thus Hindustan Lever is an account for Lintas, or ITC is an account for Lintas. This accounts executive is a link between the agency and client.



### Now what are the Functions performed by Accounts Executives

He basically understands what the client wants. He has to get this done through his agency. He is briefed by the marketing or sales or advertising department of the client. He communicates this to the agency people. He is also called client service executive.

### Then is the **Account Planning or Client Servicing**

An ad agency's primary function is to create advertising, and account-planning function provides a basis for this. **Account Planner has to perform a number of functions –**

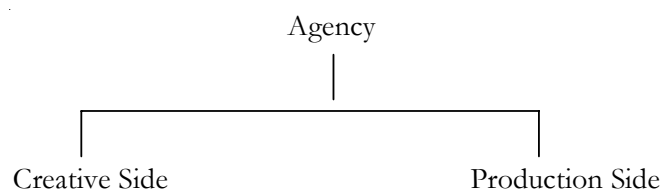
1. Planning the objectives of the advertising: Here he makes use of skills of analysis, synthesis, logic and insight.
2. Selecting and evaluating search feedback on the basis of which the team makes judgments and takes decisions.
3. Making the objective and the feedback relevant and stimulating to the rest of the team particularly the creatives.

The account team mayor may not be headed by an account planner. But the discussed function should be attended to. It is better to invest a separate person with the composite responsibility. The positive use of research in establishing a dialogue between the creative team and the consumer is a valuable contribution that a planner can make.

The importance of account management in client-agency relationships on the decline. Successful account managers are true experts on their client's brand and competitions, and have a clear point of view. Clients talk to them, and use them as sounding boards. Their advice is sought by the clients. They are also used as surrogate brand managers, especially forgetting things done. Account managers lacking expertise face the threat of extinction.

Planning in agencies conforms to brand responses - the desired responses that a brand's advertising should generate. But when we advertise, apart from brand responses we also generate advertising responses, - effects on our target audience like amusement, education, entertainment, moving effect etc. Many times, these advertising responses are an essential part of what the brand is offering the consumer. Failure to see advertising responses makes our planning remote and ineffective.

**Modern days agencies have two major sections.**

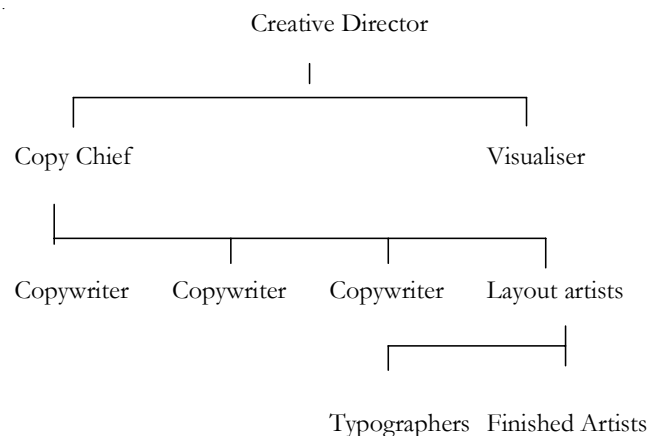


The two sides are supplementary to each other. Now the creative section has a team of bright, talented copywriters who do the wording of an advertisement. Copywriters contribute to the theme of an advertisement, like a college girl asking another the secret of her flawless complexion, and as an answer coming to know that it is Clearasil Cream. Now this is called copy platform. These copywriters report to their head, who may be called Copy Chief or Chief Copywriter.

But merely the copy is not enough. The visualiser puts on paper what has been thought out by the copywriter. He in fact designs the ad. He takes the help of layout artists, typographers and finished artists who prepare the final artwork. As you will see, creative energies of copywriters must be coordinated with the design energies of the visualisers. The person who performs this role is called the Creative Director. So now we can put here

the organisational structure of the Creative Section of an ad agency.

Now we shall come to the studio-based production department, which delivers a complete approved ad copy. This department is in charge of the production manager who has several assistants. For print ads, these people do typography, lettering, blocks, stereotypes and electros. They also supply text and artwork for photogravure process. Production manager organizes the work-flow (copy and artwork proofs and corrections - final copy as per time schedule). In larger agencies this workflow is under the control of a traffic controller. Some part of the production work can be bought from freelance sources.



### Creative Director's Club (CPC)

Sixteen creative directors have formed in 1996 a Creative Director's Club.

Creative Director	Agency
Usha Bhandarkar	Lintas
Neville D' Souza	
Josy Paul	
Elsie Nanji	
Piyush Pandey	Ambience
Alok Nanda	O & M
K.S.Chakravarthy	Trikay Grey
K.V. Sridhar	Chaitra Leo Burnett
Ravi Deshpande	Contract
Deepa Kakkar	HTA
Arun Kale	Enterprise-Nexus
Kiran Khalap	Clarion
Gangadharan Menon	Universal McCann
Nallesh Patil	
Subodh Poddar	Ulka
Jaikrit Rawat	Everest

The objectives of CDC are:

- i. Educate, enlighten and encourage creative people and their work all over India.
- ii. To raise standards of creativity.
- iii. To unite creative community.

Training will be a key area of emphasis. It will conduct courses for students of art colleges, management institutes, and the trainers themselves. Its training facilities will be available to industry and CDC people.

Let us now see the organization structure of a production department.

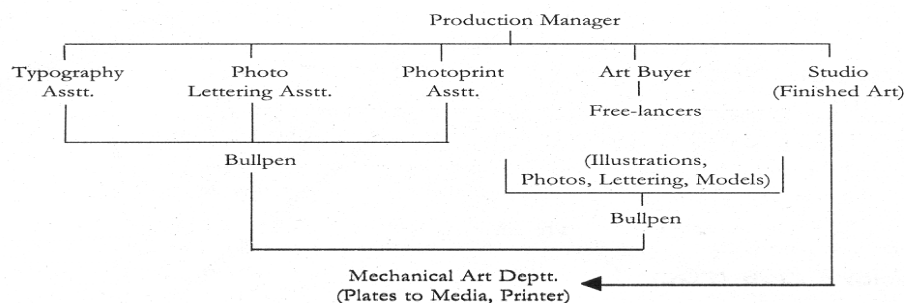


Fig. 6.10

The chart with a staff functionary like traffic controller will look like:

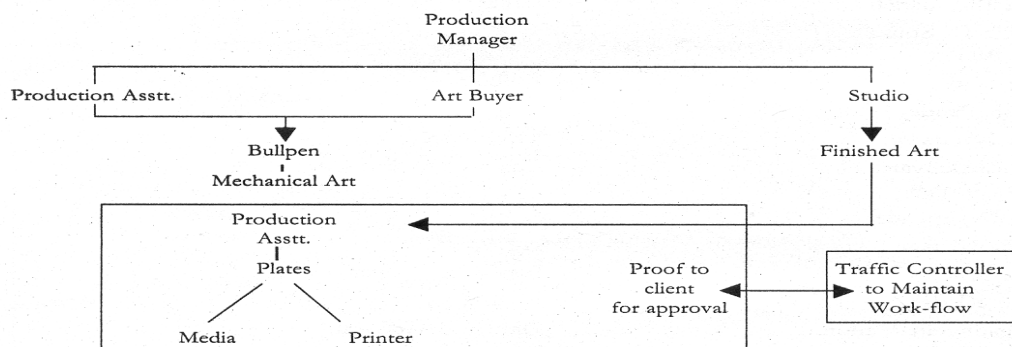


Fig. 6.11

The two important sides, creative as well as production, have been discussed. Now the finished ad is to be sent to different media.

Here the first question is what is the total budget, then how it would be allocated on different media, which media would be selected, what would be the frequency, size and position of the ad, when it will be published.

All these decisions are taken by a specialist in the agency called Media Planner, who is assisted by media research personnel, media buyers etc. Media Planner also receives the tear-off copies from the media when the ad is published.

Most of the ad agencies now have Marketing Research Department, which does product research, consumer research, positioning studies, price and distribution research, sales and packaging research and motivational research.

Then there is administrative manager, with office, accounts, and finance function. Some agencies have a separate PR department.

How many of you can understand Client Agency Relation (CAR)?

As we have seen that the competition is increasing, companies are demanding more from their advertising agencies. Hence, client-agency relationships are more prone to stress and strain than ever before. There must be compatibility among the client, the agency and the brand. Some clients have a rating method for their agencies, whereas others continue their search for the right working relationship with the right agency. Some clients tend to change agencies when another agency gives an alternative marketing theme,

E.g., Ajanta Pharma's Thirty Plus was positioned by previous

agency as an aphrodisiac, but was repositioned by another agency as a vitality product, which is a cover for virility. Some clients form an enduring relationship, e.g., S.K. Beecham and HTA have an association spanning over 60 years may be due to international alignments. However, international alignments are not always the criterion. Some clients spread their budget on more than one agency. Some clients prefer on appraisal system for the agency. Clients sometimes switch over to new agencies when the creative team of the old agency moves out to a new agency just to maintain 'brand continuity.'

The classic to-and-fro shuttles between a client and an agency are comparable to the matrimonial dithers of Elizabeth Taylor which show 'on - again and off - again' refrain. Many times accounts shift to a new agency and again come back to the old agency.

The client-agency relationship may break due to any of the following factors:

- i. International alignments may cause a change.
- ii. Management changes.
- iii. Product conflicts with mergers, takeovers or new product introductions.
- iv. Disenchantment with each other.
- v. Brand failures.

There can be a variety of minor reasons like payment disputes, differences of opinion about communication strategy etc. Most of the reasons for break up also become the reasons for a win-back account. The break-up may not be for professional reasons, but for personal and cultural reasons. In future, CAR will be much more professional than emotional.

Agencies will no longer be creative business consultants. They should be seen as a gateway to a whole range of other services. Some big brands like Disney are not big advertisers. They succeed on the strength of brand experience. There could be more idea- and fee-based agencies in future. The ideas could be media-neutral. There will be multi-media teams. There will be ideas specialists. Small agencies will merge into big agencies or sell out. There will be consolidation.

#### Basic Principles of Client-Agency Relationship (CAR)

These principles are:

- The agency avoids advertising a close substitute competing product. The client, too, avoids engaging the services of another competing agency;
- The agency receives the ~green signal from the client for all the expenses incurred on his advertising;
- The agency keeps the media commission for itself, and the client undertakes, to foot the bill promptly;
- If the media grants any cash discount, it is passed on to the client;
- The agency is not taken to task for media lapses in terms of scheduling, positioning, etc.

#### Lets see the basic Principles of Agency-Media Relationship

These principles are:

- The agency alone is responsible for payment to the media;
- The agency does not allow any cut from the commission received from the media to go to the client;
- The media do not discriminate amongst the agencies dealt with, and follow a uniform policy for all the agencies;
- The media do not alter the advertising material without the prior consent of the agency.

Let us have now a comprehensive chart of a typical ad agency.

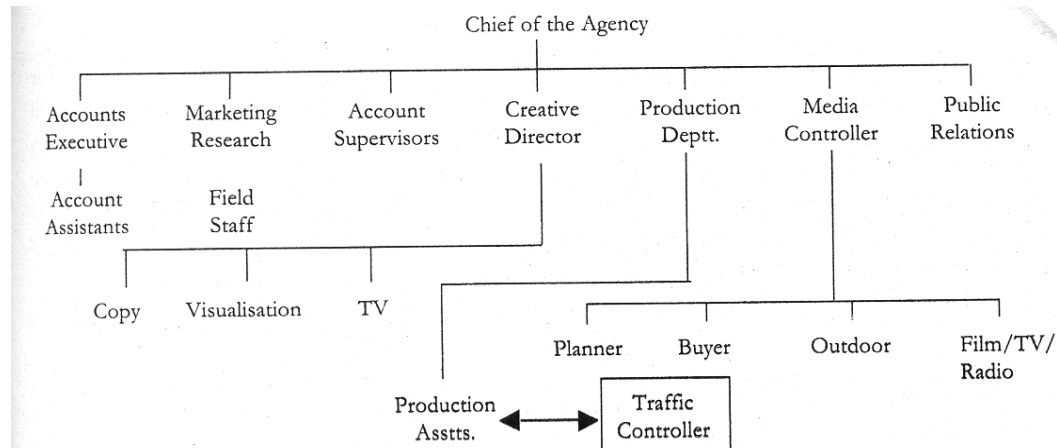


Fig. 6.12

Let us now discuss the top management of the agency.

There are two mechanisms at the top. There can be Plans Board, which consists of a committee of department heads [Accounts Executive, Media Controller or Planner, PR Manager, Creative Director etc.].

The Board takes meetings and plans campaigns by consensus. The client may attend the meeting. The other mechanism could be REVIEW BOARD. Here it reviews or criticizes a campaign, which it has not planned or created. In some organizations there is Creative Group System. Each group is responsible for one or more clients. Either a copywriter or a visualiser heads the group. This system is adopted while launching a new product.

There is only one PLANS BOARD. But in the second system, there could be several independent creative groups operating simultaneously. PLANS BOARD is suitable for medium-sized agency. Creative Groups are good for a large size agency. The overall structure, as the students will appreciate now, of an integrated modern agency would be:

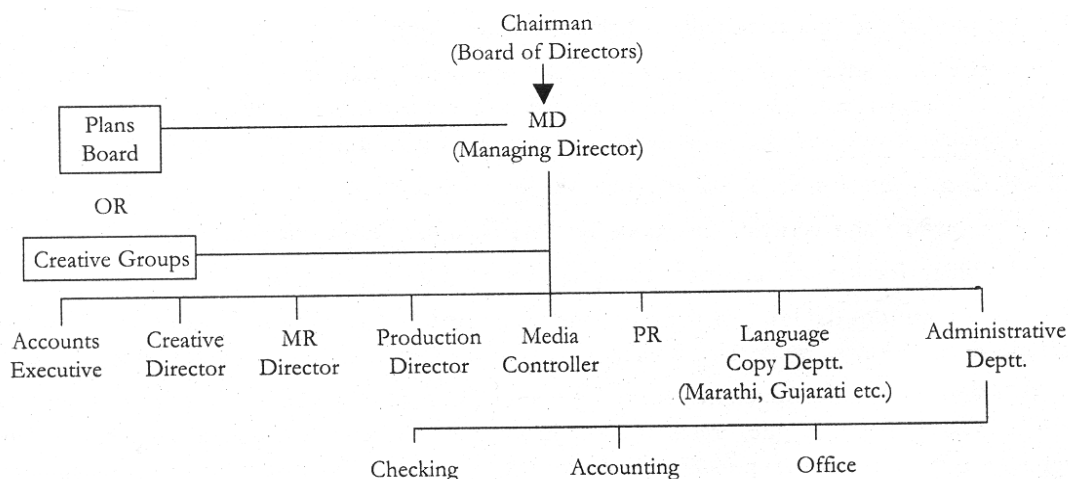


Fig. 6.13



What factors would you mind while?

- i. Selecting an agency, and
- ii. Getting the best out of an agency.

The advertising agency plays a very important role in advertising; while selecting an advertising agency the importance of compatibility should be borne in mind. The agency takes a very long time in understanding the problems and accumulating the facts that are necessary for the smooth functioning of an account. Though this period, may be called investment period, is long it pays a good dividend. Therefore, an agency should not be changed frequently because the results will not be achieved and will result in repeated wastage of investment period, it will lower the effectiveness of advertising also. The following points should be there in advertisers mind while (i) choosing an advertising agency, and (ii) getting the best out of an agency.

#### 1. Choosing an Advertising Agency:

While choosing an agency for the first time, the advertiser must consider the working and Organizational abilities of the agency. He must well consider that-

1. The agency should possess a good experience in creating ideas and selling them. It should be able to create convincing, interesting and result oriented sales messages.
2. The agency should be able to think independently on various problems faced by the advertiser taking in views the special marketing situations, and not emphasis to solve them by pre-conceived notions, which it is unwilling to change.
3. The size of the agency should not be taken seriously. A big agency is not necessarily better than a small agency. On the contrary, a small agency may serve better
4. The agency should follow the advertiser in every case. If it feels that advertiser is not correct it should not hesitate in correcting the advertiser.
5. The agency should be able to undertake the market research and use the results of research and brains to solve various problems.
6. The advertiser should think that the agency makes a profit the agency. Otherwise, will not work satisfactorily.
7. The agency should be financially sound and have good contacts with media owners. It should also be able to cover local regional and national advertising campaigns.

#### How to get best out of an Agency

The next problem, after selection of an agency, is how to use it to the best of its ability. For this purpose, the advertiser should cooperate with the agency. He should take the following steps in this connection-

- i. The advertiser should provide all possible information necessary for the advertising if good services are expected from it.
- ii. The agency should be challenged to produce results. It should be very clear from the very beginning that the account will withdraw; it does not serve to the satisfaction of the advertiser.
- iii. The advertiser should go as far as possible to keep the agency on its toes.

iv. The advertiser should not allow the agency personnel to contact the junior staff of the company. He should appoint a special person for liaison work between his company and the agency instead.

v. The advertiser should not interfere in the working of the agency. He should allow the agency to work independently and to break away from conventions, where necessary, in its presentation.

vi. The agency should be paid extra for extra work.

vii. The advertiser should examine the work his agency does for other parties to get new ideas.

It is about time that the top management should look upon advertising, as a basic capital investment- a long run investment management should realize that advertising performs two functions-

- i. It sells products and services and also the name of the company (advertiser). It means, it creates goodwill for the advertiser.
- ii. As because goodwill is created or increased. It will help sell product tomorrow. Thus increased pro
- iii. Fits out of increased sales are the real return for the investment.

Just go through this Special Report: Selecting an agency  
B-to-b marketers want creative solution providers that understand their business

by Kate Maddox

Even as the economy bounces back and marketers have more to spend, they are being extra cautious about how they allocate resources to agency work and select agency partners.

Agency business is picking up, as demonstrated by recent account wins and the amount of new business activity reported by agencies.

"A year ago, we might have had three or four deals in the pipeline, and we probably have two to three times that now," said Rick Segal, chairman-CEO of HSR Business to Business, Cincinnati, which recently was named agency of record for Contech Construction Products and Allianz Global Risks U.S.

"We've seen more new business cycles in the last four months than we've seen in the last two years," said Steve O'Keeffe, president of ad agency O'Keeffe & Co., McLean, Va., which recently picked up market research and Web design business for MCI's government division and was named agency of record for EzGov, a software company serving the government sector.

#### An Era of Greater Scrutiny

John Quartararo, managing director of ad agency Citigate Albert Frank, New York, which recently conducted research among CEOs and CFOs on agency selection criteria, said the down times have brought greater scrutiny to agency reviews.

"Now more than ever, in light of the tough times in the economy and the corporate scandals, the ability to come in and solve a problem and bring a very creative idea to the table is probably the No. 1 reason why someone would hire an agency," Quartararo said. "The emphasis is on helping clients break through the clutter, often with half the budget."

The survey was conducted among a small group of respondents—only 25 senior executives—but the findings point to an increased demand for agencies to think outside the box to solve client needs.

Only two of the 25 respondents disagreed with the statement that creative is more important than experience in the selection of an agency partner.

All respondents agreed that they want to be treated as an important client, and they expect their agency partners to dedicate appropriate resources to their account.

“They don’t want to see the A team now and the Z team later,” Quattararo said, referring to the pitch and follow-up.

Clients that have recently conducted reviews for agency partners agreed that excellent creative ideas and sound strategy are of primary importance in their selection process. Other factors, such as industry experience and range of services, varied by account.

#### Corn Products’ Tight Timetable

Corn Products International, a major supplier of food and industrial products, engaged in an agency search last summer after breaking ties with Slack Barshinger, Chicago, its former ad agency.

“It was a very tough time, because it happened four weeks before launching at a national trade show,” said Deanna Heuschel Estes, marketing communications manager at Corn Products.

The company hired Jones Lundin Beales, a Chicago-based search consultancy, to provide support for a search, although it did not conduct a full review due to time constraints.

After analyzing the client’s needs and reviewing its database, the consultant provided Corn Products with a list of about 25 agencies that met its initial criteria.

Following a credentials review, Corn Products narrowed the list to eight or nine agencies. It met with each of these and ended up with four agencies on its short list: Davis Harrison Dion, Chicago; Gabriel deGrood Bendt, Minneapolis; HSR; and Shafer Condon Carter, Chicago.

Corn Products brought the finalists to its offices to brief them on a business challenge, giving the agencies three weeks to prepare presentations.

“Because we ended on a creative difference note with our previous agency, creative was very important and strategy was very important,” Heuschel Estes said.

Industry experience wasn’t even on the list of criteria during the first round of meetings, she added. “If you hire bright people, they will dig in and understand the marketplace, competition and products,” she said.

However, having similar corporate cultures and personalities that mesh is very important, Heuschel Estes said.

Following presentations at the agencies’ sites, Corn Products selected Davis Harrison Dion.

“DHD was very strategic, very creative, and our cultures really fit,” Heuschel Estes said.

Lenox Saw seeks single shop

Lenox Saw & Manufacturing Co., a manufacturer of cutting tools and saw blades, also recently conducted a review for an agency of record. The company, which was acquired by Newell Rubbermaid in early 2003, wanted to find one agency to handle services including advertising, PR, direct, Web and merchandising. Previously, it had farmed out these jobs to several different agencies on a project basis.

“The objective was to find a common agency to provide an integrated communications strategy,” said Susan Spalding, marketing communications director at Lenox.

The company conducted a formal review, although it did not use a search consultant. Instead, it created a list of criteria then searched through ad agency directories, trade magazines and its own database of contacts to come up with a list of candidates it felt were a good fit.

The most important criterion was creative, Spalding said, followed by the ability to provide multiple services. Having strong PR was also high on the list, she added.

The initial RFP went out to between 25 and 30 agencies. Then, after a credentials review, Lenox created a short list of six shops. Spalding declined to name the agencies that were included.

“Ideally, we wanted to find one shop to do all or 80% [of the services needed], so we’re not shopping things out to 10 different places and having to manage communications between all the agencies,” Spalding said.

Lenox created a two-part assignment for the finalists. For the first part, the client gave the finalists a briefing on a hypothetical new product and asked them to develop a plan for the product launch.

For the second part, which included all six finalists, Lenox asked the agencies to put together a creative execution for the hypothetical product.

The finalists came to Lenox’s offices for that part of the process and had two hours to present their creative strategy to the president and representatives from sales, marketing and IT.

Lenox selected Eric Mower & Associates, Syracuse, N.Y.

“They put together a very comprehensive plan, they met all of our criteria and they understood our environment,” Spalding said. Also important, she added, “They have a b-to-b unit, but they also have a brand promotion group.”

#### No formal review for some companies

Some clients that have recently hired new ad agencies have done so without formal reviews. For example, software company EzGov, which sells to the Defense Department and other government agencies, recently conducted an informal review, putting together a short list of agencies based on word-of-mouth referrals, conferences and events.

“The government is a very unique market and to market to them effectively you have to have an agency that understands their needs,” said Elisabeth Estes, director of communications at Atlanta-based EzGov.

After meeting with just a few agencies, EzGov selected O’Keeffe & Co.

“Steve O’Keeffe and his group demonstrated a comprehensive understanding of the government structure, how they like to receive information and what kinds of messages are most effective,” Estes said.

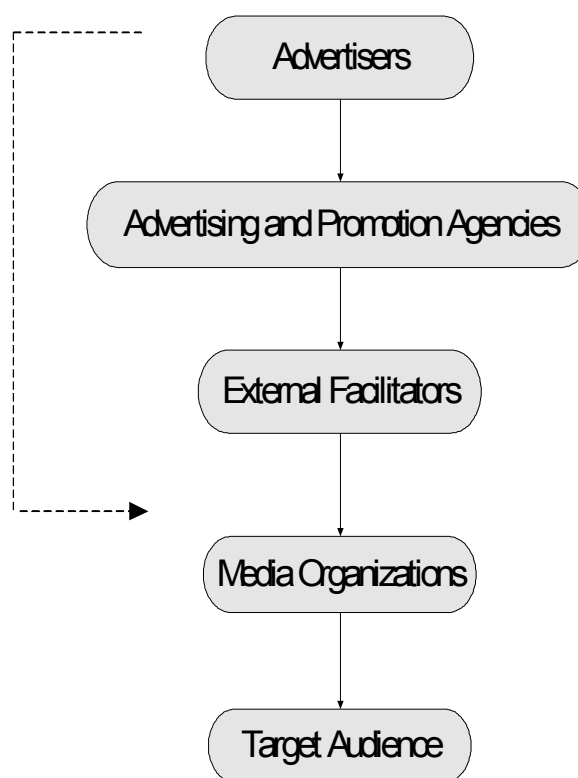
She said another selling point was O’Keeffe’s branch office in Atlanta. “Our previous agency was in San Diego, and we only had face-to-face meetings once a quarter,” Estes said, adding, “It is important to have someone to sit across the table from to have face-to-face dialogue.

### Now lets see this article which talks about 13 Myths about Account Planning

Taken from an article by George Creel, which appeared in Advertising Age on September 16, 1991.

1. Account planning is the solution to the advertising industry’s malaise. (While account planning can strengthen an agency’s creative product, no one discipline can solve all of the problems of an agency.)
2. Account planning leads to breakthrough creative. (Account planning does provide the background and consumer research to develop creative work, but breakthrough creative is a result of a superior creative staff.)
3. Account Planning is the key to winning the new-business pitch. (Pitching is a “team sports” that requires all of the departments of an agency to work together.)
4. There is a process for account planning. (There are numerous ways to execute proper account planning; Intuitive skills, a passion for advertising, and personal involvement are all essential and are a good place to start.)
5. Account planning is a continuous process. (Advertising is expensive!)
6. Account planning is new name for research, qualitative or otherwise. (Research is only one of the tools that account planners use to discover insightful information.)
7. Account planning and research departments can coexist. (Each department must have a clear definition of its role and must know who is in charge of whom.)
8. Clients like account planning. (They LOVE it - if it is free).
9. Account planning is the role of the account planner. (Good solutions can come from anywhere or anyone.)
10. Account planning is glamorous. (It is fun as well, if you have the passion to fight for your beliefs.)
11. Account planners sit in the room while the ads are made. (The account planner must articulate strategy to the creative team before the ad is created.)
12. Good account planners are hard to find. (Account planners can come from all backgrounds and disciplines.)
13. The best account planners are English. (No particular culture, race, religion, sex, or national origin is better at account planning than another.)

Structure of the Advertising Industry



## LESSON 13:

### CASE STUDY

#### Gateway: Searching for the Right Advertising Agency

This case was written by Professors George E. Belch and Michael A. Belch. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

#### The case was compiled from published source

#### Company Background

The story of Gateway is an inspiring one. The company, originally called Gateway 2000, was founded in 1985 in an Iowa farmhouse by Ted Waitt, the son of a fourth-generation Iowa cattleman. Armed with a rented computer, a three page business plan, and a \$10,000 loan guaranteed by his grandmother, Waitt dropped out of the University of Iowa to pursue his dream. Gateway's early value proposition was similar to what it is today: offer products directly to the customer, build them to their specifications, provide them with the best value for the money, and offer unparalleled service and support. Waitt's start-up company had \$100,000 in sales in its first year and by 1993 it became a Fortune 500 company with sales of nearly \$3 billion. The company's rapid growth continued throughout the '90s, reaching a peak of more than \$9.6 billion in 2000.

Over the past 18 years Gateway has been a technology and direct-marketing pioneer. It was the first company in the industry to sell computers online, the first to bundle its own branded internet service with a PC, and among the first direct retailers to sell its own branded consumer electronic products. In 1996 the company became one of the first "brick and click" retailers when it introduced a nationwide network of Gateway Country stores. Today, the company has nearly 200 stores where customers can try out Gateway products, get advice from technical experts, and learn more about technology in classes offered in high-tech classrooms. Underlying Gateway's growth has been Ted Waitt's vision that technology should be fun, easy to use and should enhance and improve the user's quality of life. Gateway uses all of its sales and distribution channels including its call centers, Gateway.com Web site, and its nationwide network of retail stores to sell its products to consumers, businesses, government, and educational institutions.

As its customers' desire for innovative computer technology and other electronic products has grown, Gateway has been searching for the best way to communicate its product offerings and value proposition to an increasingly tech savvy and demanding marketplace. In a business as competitive and fast evolving as the PC industry, Gateway recognizes that differentiation and brand image are very important in developing and sustaining a competitive advantage. However, in recent years Gateway has struggled to find an advertising theme that resonates with consumers and clearly differentiates the company

from competitors such as Dell, Hewlett Packard (HP)/Compaq, Sony, and Apple. In the process Gateway changed advertising agencies five times over the past six years and three times in a 14 month period from early 2002 to 2003.

#### Gateway's Agency History 1993 to 1998

Until 1993, Gateway 2000 relied solely on print advertising that was produced in house. However, as the company grew rapidly, it decided to add television ads to the media mix and to retain the services of an outside agency to work with its in-house advertising department. The company's first outside agency was Carmichael Lynch, Minneapolis who was hired to handle its television advertising. The agency hired a New York commercial director and filmmaker, Henry Corra, to direct the first Gateway commercials. Ted Waitt liked the unscripted, folksy ads that Corra was shooting and his ability to capture the real people in Sioux City, South Dakota which was the home of Gateway at the time. The visionary entrepreneur and artist trusted one another and developed a strong personal relationship. In addition to Carmichael Lynch, Gateway had retained the services of the London-based Finex agency to handle its European and Japanese creative as the company's sales in these markets were increasing.

As Gateway 2000 grew rapidly and its international sales increased, the company decided it needed a global agency. In March 1997 the company moved its estimated \$70 million worldwide account to D'Arcy Masius Benton & Bowles, a global agency that could help the company with its growing international business. DMB&B was selected over several other agencies which made finalist presentations including J. Walter Thompson and TBWA/Chiat Day. Gateway's senior VP of global marketing cited DMB&B's strategic thinking and chemistry as reasons for choosing the agency over the other finalists. The new agency began working with Gateway's in-house advertising department, focusing on the consumer market and handling most of the media buying outside of PC publications. Gateway's in-house group created ads and purchased media in PC enthusiast publications. DMB&B took over Gateway's advertising in the U.S. market immediately and then transitioned into handling creative as well as media buying in Europe and Asia.

The first ads from the new agency retained the "You've got a friend in the business" tagline that Gateway had been using for several years. A few months later the agency introduced a campaign theme saying Gateway goes "From South Dakota to the rescue." An agency executive explained the rationale behind the campaign by noting that "South Dakota is a state of mind, a way of doing business, and dealing with people." However, Gateway and DMB&B got off to a rocky start as both sides grappled with the precise roles of the agency and the in-house group and how to collaborate. Also, the agency's creative approach was geared more toward traditional advertising that



used actors and scripted TV spots, such as one showing a family in a computer store where piped-in music segues into advice that the family can get what it really needs from Gateway. These types of ads quickly fell short of the expectations of Ted Waitt, who was known for his dislike of traditional advertising. Waitt noted: "When you're just trying to capture reality, you don't need scripts, you don't need concepts, and you don't need agency overhead. You just shoot, pick the magic moments and put them on the air. Our customers and employees come up with better stuff than you could ever write. And better yet it's real." Waitt became dissatisfied with DMB & B's traditional campaigns and in early 1998 Gateway 2000 took its television creative back in-house leaving the agency to handle media buying and newspaper advertising. On March 19, 1998 Gateway fired DMB & B, dropping the agency after less than a year. Waitt brought back Henry Corra to work on Gateway's advertising along with another agency, DiMassimo Brand Advertising, a small creative boutique. Corra and the new agency produced a number of unscripted TV commercials for Gateway that were used for several months.

#### The McCann Erickson Era

As the personal computer market became more competitive Gateway 2000 made a number of changes to keep pace. In January of 1998 Jeff Weitzen, a former AT&T executive was brought in to run Gateway as Waitt decided to step back from the day-to-day operations of the company. The company also hired a number of high level executives in areas such as marketing, finance, human resources and engineering. A week after dismissing DMB&B, the new CEO announced the hiring of McCann-Erickson Worldwide, one of the largest agencies in the world, as its new agency of record.

Meanwhile the changes at Gateway continued. In April 1998, the company dropped 2000 from its name, shortening it to Gateway as it felt that the "2000" moniker would become dated in the new millennium. The company also introduced a new logo featuring a hand-drawn version of its signature cow-spot box. Over the next few months Gateway began moving its corporate headquarters from South Dakota to San Diego, a move that company officials said was prompted by difficulties in recruiting key executives to a small town in the Midwest. Gateway also began changing the process of transforming itself from a manufacturer of personal computers into a company that would derive its revenue from a variety of sources. The "beyond the box" strategy was designed to diversify Gateway's offerings to include PC financing, Internet access, and various other computer-related accessories and services.

McCann Erickson's first campaign for its new client broke in late April and used the tagline "Let's talk about your Gateway." Over the next several years the agency developed a number of other campaigns for Gateway including one targeting consumers using the "Yourware" tagline and another targeting businesses using the "Gateway@Work" theme. Perhaps the most popular campaign McCann developed for Gateway was the "People Rule" campaign that began running in August 2000 and was based on the idea that technology is beneficial only if it helps people in their daily lives. One of the phases of this campaign featured actor Michael J. Fox as a spokesperson who

was portrayed as the voice of empathy for consumers trying to understand technology issues such as how to choose the right PC, when and how to upgrade, and how to use their computers. Gateway's revenue hit an all time high in 2000 reaching \$9.6 billion while the company's market share was 8.2 percent, making it the number three PC maker in the U.S. behind Dell and Compaq.

Gateway began running the ads featuring Fox in January 2001. However, in the month prior Gateway had held discussions with several other agencies about the future of its brand and the direction of its advertising. In late January, after a management shake-up, Jeff Weitzen resigned as CEO and Ted Waitt resumed control of the daily operations of the company once again. Upon his return as CEO, Waitt announced a net loss of \$94.3 in the fourth quarter of 2000 as Gateway's core PC business was not profitable. A few days after Waitt resumed control of the company, Gateway dismissed McCann-Erickson as its agency. A Gateway spokesman described the parting as "amicable" while McCann executives viewed the dismissal as part of the wholesale changes and management shakeup that accompanied Ted Waitt's return. Some industry observers speculated that Gateway had become increasingly dissatisfied with the level of service it was receiving from McCann since the agency had won the Microsoft account in 1999. One source also noted that Gateway felt that McCann's creative work was "more corny than folksy" and that the agency really did not understand the company's intensely Midwestern culture.

Soon after Waitt took control once again, several agencies made presentations to Gateway including former agency DiMassimo Brand Advertising; Fallon, Minneapolis; and Los Angeles-based Siltanen/Keehn. Most observers speculated that Gateway would be awarding the account to Fallon which appeared to best understand the folksy, Midwestern culture of the company. However, negotiations with Fallon broke down over strategic differences and Gateway Brand decided to move its advertising back in-house. Once again, Ted Waitt turned to his friend Henry Corra to direct the company's commercials. Gateway also revived a favorite tagline from the past, the "You've got a friend in business" tagline, in a series of new TV spots promoting the company's close relationship with customers. The spots featured longtime Gateway employees talking about meeting customer needs as well as testimonials from loyal customers. Meanwhile the sales decline continued as Gateway's revenue for 2001 fell to \$6.1 billion and its market share eroded to 7.2 percent while industry leader Dell's share increased to 23.5 percent.

#### Siltanen/Keehn's Brief Tenure

While Corra continued to direct and shoot the TV commercials for Gateway throughout 2001, the company also began working with yet another agency, Siltanen/Keehn whose founders worked on Apple Computer's "Think Different" campaign at TBWA/Chiat/Day. After working with Gateway on a project basis for five months, S/K became the company's agency of record for print and broadcast advertising in early 2002 while direct and online advertising remained in-house. The new agency began focusing on brand building for Gateway with ads ranging from humorous spots featuring Ted Waitt with a



talking cow, to stylish product-focused ads promoting a new line of lap top computers. The ads featuring interplay between Waitt and the loquacious Holstein cow who advised Waitt on offers and deals to entice customers to buy Gateway products were very popular. Both the client and agency felt that Gateway had a great deal of brand-building potential with the campaign as a cow had been a symbol of the company since it was founded. Rob Siltanen, the agency's chairman and chief creative officer noted that: "They have a lot of equity with the cow. It's at the stores. It's on their signage. And we want to leverage that to its fullest extent."

Reactions to the ads developed by S/K were very positive from Gateway's customers and employees and it appeared that Gateway had finally found the right agency. During the 2002 Winter Olympics Gateway was running frequent TV spots featuring Waitt and the advice dispensing cow. However, although the whimsical spots continued to run through the summer of 2002, the company had already decided to move its advertising in a new direction. The change was part of Gateway's decision to move away from the folksy, rural image and brand itself as a more modern and hip company. The company was struggling with weak earnings and sales and Waitt realized that Gateway needed to modernize its product offerings and expand into new markets in order to shore up the company's slipping market share. Studies conducted gauging consumers' perceptions about Gateway revealed that its advertising was viewed as "entertaining," "friendly," and "Midwestern." However, the research also showed that the campaign featuring the bovine was not playing particularly well in the business space. The campaign raised consumer awareness but was not helping to build the Gateway brand. Additionally, customer tracking research showed some declines in perceptions of Gateway on key attributes such as technology leadership and reliability. While being perceived as "friendly" and "nice" was all well and good, this image was running counter to the identity Gateway now wished to portray.

Gateway management decided that it was time to "farm out" the quirky and folksy aspects of its corporate image and create an identity for the company as a maker of sophisticated computer technology with the latest in advanced components. Gateway continued using advertising developed by Siltanen/Keehn into the Fall of 2002. However, S/K's tenure as Gateway's agency of record was short-lived as the company parted ways with the agency after 10 months and moved its advertising to the Arnell Group, New York in October 2002.

#### **Evolving the Brand: From Folksy to Hip with the Arnell Group**

The decision to move away from its folksy, rural image and brand itself as a more modern and hip company was not made lightly. However, Gateway had already begun the process of what Ted Waitt called the "de-prairiefication" of Gateway even before dropping S/K as its agency. Several months earlier, the company had commissioned a new branding campaign from the Arnell Group which was known for its work on brands such as Banana Republic, Donna Karan, Reebok, Samsung, and Chrysler. Arnell's branding work included the redesigning of the "cow spot" logo and Gateway Country stores and integrat-

ing a new creative tagline that had been developed by S/K - "Gateway: A Better Way."

The Arnell Group developed new ads featuring up and coming artists that were designed to project a fresh new image with a cool urban look and feel. In addition to the new ads, the image makeover was also reflected in the introduction of a new logo resembling a computer power button rotated on its side to form a stylized "G" while retaining a hint of a cow spot. The goal of Gateway's new advertising and branding effort was to show how Gateway provides a better way for people to experience cutting-edge digital electronics and PCs in Gateway Country stores and to purchase direct. As part of its new overall corporate strategy Gateway's wanted to leverage its nationwide network of stores and its direct sales model to offer consumers a shopping experience previously unavailable. Gateway stores were becoming digital destinations offering consumers a one-stop shopping experience for computers as well as other electronic products. Gateway offered consumers a hands-on opportunity to try a variety of digital products in its stores and learn firsthand from highly trained sales people how these items could be integrated with a PC.

As part of its new strategy Gateway began offering over 150 digital electronics products including a complete selection of digital cameras, digital video gear, MP3 players, printers, software as well as Gateway's own plasma TV with a 42-inch screen. According to Waitt: "Increasingly, consumer electronics are based on digital technology, yet most shoppers aren't able to try them out with a PC, which is the heart of their digital world. We've listened to customers' frustrations with how digital electronics are sold today, and we're introducing a better way to shop for them." With its "better way" advertising theme Gateway hoped to focus on its overall superior customer service in digital electronics retailing. Gateway promised that everything would be better relative to its competitors, both direct and at retail - better products, value, service, support and customer experience.

#### **Leo Burnett Takes Over**

Gateway used advertising from the Arnell Group for the remainder of 2002 including the important holiday season. However, the company's sales decline continued as 2002 revenue dropped to \$4.2 billion and the company reported a loss of \$309 million. Gateway, along with other PC manufacturers, faced intense competition from Dell which continued to cut prices in an effort to increase its market share over Hewlett Packard which had completed its acquisition of Compaq Computer in 2002. By early 2003, Dell had increased its share of the U.S. PC market to just over 30 percent followed by Hewlett Packard at 19 percent and Gateway at six percent. However, Gateway was showing some indications that its new strategy might be working as its plasma TV launch was very successful, capturing more than 10 percent of the U.S. consumer plasma TV market in less than 10 weeks. Gateway's expanded line of digital solution products such as cameras, MP3 players and camcorders also produced increases in sales at the company's retail stores. However, Gateway was still getting nearly 75 percent of its revenue from sales of personal computers.

In early 2003 Gateway began an unpublicized review process for yet another agency and heard pitches from two new agencies, Leo Burnett USA and GSD&M in Austin, Texas. The stealth review lasted only three weeks and in March 2003, Gateway announced that it changing agencies for the third time in 14 months and moving the creative portion of its account to Chicago-based Leo Burnett. A Gateway spokesperson noted that the Arnell Group was hired only on a provisional basis to get the company through the critical Christmas shopping season. Some industry observers were surprised by the move to Leo Burnett as Ted Waitt had tended to favor smaller, independent agencies. However, Gateway's new executive vice president of consumer marketing was a former Leo Burnett executive who was very familiar with the outstanding work the agency did for clients such as the U.S Army, Kraft, General Foods and many other companies and brands. In addition to moving its creative work to Leo Burnett, Gateway also awarded the media buying on its \$150 million account to Starlink, a unit of the Starcom MediaVest Group which, like Leo Burnett is a part of the Publicis Groupe.

New advertising from Leo Burnett broke in May 2003 using yet another new tagline, "The Comforts of Gateway." The goal of the new advertising is to underscore Gateway's folksy charm while positioning the company as a solutions provider for an increasingly complex technological world. The first commercials from Leo Burnett depicted a small town Americana's main street coming to life as people use their computers and other personal electronic items. In September 2003, Gateway launched its first fully integrated business-to-business campaign since 2000 with print and TV ads based on the theme "Humanology." The ads are designed to show the importance of the human touch behind hardware and software products and depict images of human anatomy merged with Gateway technology.

Gateway is hoping that the new campaigns from Leo Burnett can reverse its declining sales in the stagnant personal computer industry while helping the company succeed in its efforts to sell a wide array of digital electronic products. The company knows that the personal computer, as well as other segments of the consumer electronics industry, have become extremely competitive and having a strong brand image is critical for companies who want to continue to compete in these markets.

### Discussion Questions

1. Analyze Gateway's decisions to change advertising agencies so many times over the past six years. Identify and discuss specific factors that may have led to each decision to change agencies.
2. Discuss how Gateway's frequent agency switching has affected the company's branding and positioning efforts. What recommendations would you make to Gateway management regarding its agency switching and its impact on the company?
3. If you were an executive at an advertising agency and Gateway's decided to switch agencies again, would you advise your account development team to pursue the company's business? Why or why not?

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### Notes

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## LESSON 14 :

### AGENCY APPOINTMENT INCLUDING CONTRACTS AND BEST

Practice Guidelines, Remuneration – Commission, Fee, Results, Evaluation Of Agencies

#### Objective

Students By the end of this session you should to be in a position to answers questions related to compensation in advertising agency.



As all of us know that all organizations are not there in business for charity purpose. They are there in the business to earn profit from the services that are rendered by them so it is true for advertising agencies also.

#### Lets see what kind of compensation Agencies have

The method of paying the agency has been a subject of much discussion nowadays at almost all the meetings of advertisement agency associations and advertisement clubs. There are, basically, three methods in practice. They are:

##### a. Commission System:

This is the most common and the oldest system of remuneration. The agency is paid a fixed commission by the media on the advertising bill for the advertisement space bought by the agency. This fixed rate of commission is 15 per cent in the USA, as well as in India. Though the rate varies from country to country, the rate of 15 per cent is almost universal. For example, an agency places a full-page advertisement in a magazine, which costs, say, Rs. 10,000/-. After the advertisement has run, the magazine (the medium) will bill the agency for Rs. 10,000/-, less 15 per cent. This means that the agency will pay to the medium Rs. 8,500/-. The agency, in turn, will bill the advertiser for Rs. 10,000/-. Thus, Rs. 1,500/- will go towards the efforts made and the services rendered by the agency in the preparation of the advertisement and its delivery in the medium.

Indian Newspaper Society (INS) accreditation earns the agencies 15% commission and 60 days of credit from the media. Non-accredited agencies have to pay the media in

advance and get 10% commission, which in real terms translates to a miserable 5 p.c.

**The popular criticism** of this method is that the agency is always tempted to, recommend for several deliveries through expensive media in order to draw a larger remuneration.

These days some agencies get compensation on **'sliding scale of commission.'** It is inversely based on volumes of media spends. The larger the billings, the lower is the commission percent paid. Some question the logic of linking ad payments to media billing or media volumes. The sliding scale works like the royalty payments to an author.

##### b. Fee System:

The system came into effect following a controversy between an advertiser and an agency. The former argued that 15 per cent commission was too high a rate; whereas the agency took the stand that it was unremunerative for the many services rendered to the client. The fee system is used in TV advertising; when once the commercial is created, it may be used over a long time. A flat fee is paid to the agency for the specialized services performed by it. The fees charged depend upon the number of ad people working on an account, salaries, man-hours and over-heads. A dollar in salary, as a rule of thumb, accrues to a dollar in overheads. A profit margin of 10-25 p.c. is then added along with performance-based bonus. The agency develops a 'scope of work' document for the client and then develops resources against this plan. These resources are charged on a time-basis or man-hour basis. The final fee tally is not related to billings.

#### Lets focus on the advantages of this system

- i. The fee enables the agency to make fair profits on services rendered by it and, in turn, the advertiser pays for what he get-nothing more and nothing less.
- ii. Most of clients paying under fee system, feel tat agency is more objective in its recommendations.
- iii. The agency is induced to provide a number of services, not tenable under commission system, if asked buy the client because, it will get more fees.
- iv. The agency's income is stabilized. Unforeseen cuts in advertising expenditure by the advertiser do not effect the agency's profits because it will get a fixed fee for the service whether media owners more or less.

Thus, this system is felt well but switch over rate from commission to fee system is slow.

##### c. Service Charges:

The third type of compensation consists of service charges. These are added to the cost of materials, and services bought by the agency for the client in artwork, photography, typography, plates, etc. Normally, it is cost plus 15 per cent.

**In practice**, one of the above systems of compensation, or a combination of the fee-and-media commission plan, or a method by which commissions granted by the media are credited against professional fees, is used.

**When we are talking about Industrial advertising**, it involves the preparation of catalogues and sales materials, and retail advertising, point-of-purchase materials for advertising and direct mail prices do not usually involve a commission. Here, the fee basis of compensation is mostly employed. When new product advertising is involved, the agencies are remunerated on a special fee basis.

The agency-advertiser relationship is like the physician-patient or the lawyer-client relationship; the patient pays the physician's fee, whether he gets relief or not. However, the quality of the physician's services will be ultimately reflected in the number of patients visiting him, or the volume of business he has. But there is no direct link between the fee paid and the effectiveness of medical treatment to an individual patient. As a patient, he is entitled to get an effective cure in return for the fee he has paid.

The lawyer, too, takes the fee, irrespective of the judgment in the case. However, he faithfully argues the case for his client. This raises the question of the efficacy of the remuneration method of advertising.

**When we say an ideal and desirable method it must be related to compensation to its effectiveness in some form or the other.** Only such a method will have a greater acceptability among the advertisers. Not only this, such compensation method will encourage the growth of a greater measure of professionalisation in advertising.

This, however, looks simple but is difficult to implement, because the necessary condition for the success of any such compensation plan is to find methods for measuring advertising effectiveness. Once this has been achieved, it would not be difficult to correlate it with the compensation payable to the agency.

**Lets discuss the method of evaluating advertising effectiveness along with the possible future methods of compensation, using suitable scales for measuring the effectiveness of advertisement, can be devised.**

However, till other alternative methods are available, we have to continue with the existing methods.

#### Activity

Select any three-ad agencies that are following different ways of compensation for their client also specify the accounts that they are handling.

#### Students lets see the Trends in Compensation of Ad Agencies

Several multi-brand advertisers are going in for bulk media purchases through a single source (either an ad agency or an in-house outfit). Here the agency is appointed as (AOR) Agency on Record. AOR creates and releases its own advertising. In addition, AOR releases advertisements created by another agency. Thirdly, AOR releases the software it has invested in. Generally, when two agencies are involved, the releasing agency gets 21 p.c. and the agency that provided creative gets 12.5 p.c. In case of software, the situation is complicated.

Some clients may opt to purchase creative work on a flat fee, and negotiate media commission on the basis of volume with AOR.

- **Compensation at the rate of 15% of billing is called billing-based compensation.**
- **Compensation on the basis of costs is called fee-based compensation.**
- Internationally a third option has emerged - **Performance-based compensation** whereby a performance falling below expectation will earn the agency only 14% commission and a performance which is successful will earn it 16%.

**However, this is too subjective.**

Clients these days are reluctant to pay a blanket rate of 15 p.c. on media billings, since they argue this is too high and illogical. What is paid is not linked to what is put in. Media inflation increases the agency's remuneration. Specialised service providers have challenged the agency's monopoly. Clients take business elsewhere if the agency is not ready to negotiate the 15 per cent. There is a tendency to discount the compensation.

**As we have already discussed the compensation system by Commission there is lot of importance attached to it.**

Though it looks lousy, there is, no better alternative to commission system. 'Payment by results' is experimented with. But still commission systems not a dinosaur. It may not be the best, but it is the 'least worst'. Fees are okay to sell time, but advertising agencies sell ideas of unlimited value. Commissions put a value on an idea. The media spend is an index of the value the client attaches to the idea. Commissions, however, cannot relate efforts taken by the agency and the rewards earned. There can be a combination of fee-based, system and commission. There can be several variations of commission - fixed scale commission, sliding scale commission.

There are certain definition that we need to understand in relation to compensation system

**To start with lets see**

- **Capitalised Billings:**  
It represents an agency's income multiplied by 6.67 – the figure obtained by dividing 100 by the 15 p.c. commission on clients' media bills.
- **Income:** It includes an agency's mainstream ad income/ commission plus other income.
- **Other Income:** Income from below-the-line activities like PR, events, DM etc. It accounts for 25 p.c. of clients' budget in India.  
Other income also accrues from production-related activities.
- **Earned Income:** It is income earned by doing the core business. In case of agency's media billing is the only true capitalization.
- **Unearned Income:** It is income from investments, suppliers, real estate transactions etc. It accounts for 10 p.c. of agency's capitalized billings now.

**You will observe Undercutting by the Agencies:**

As Advertising now competes with sales promotion and direct marketing (DM) for funds. There is no breakthrough in



advertising theory ever since the concept of positioning materialized. In fact both these facts are not responsible for the not so healthy bottom-lines of the advertising agencies in the States. The culprit is the higgling and haggling over the advertising commissions by the clients.

US Agencies have been receiving less than the prescribed 15 p.c. since long. In a way, it is a pricing strategy for an ad agency to attract its clients. The subject of commission negotiation is an anathema to Indian agencies. Unconfirmed reports suggest that even Indian agencies have started offering kickbacks to the clients. However, it is not done in a transparent manner, and so becomes unpleasant and unethical. With transparency, no one will deny this basic marketing right to manoeuvre price in this manner to the agencies. **Lower prices may damage an agency's reputation for quality.** High prices may be an associated with quality, but if it is an illusion, and the delivery does not match the expectations, there can be a rapid decline in business.

Let commission negotiations be open. This will be conducive for growth in the long run. The bottom-line will be healthier, if extravagance shown by the ad people is curtailed.

All said and done, 15% commission is ideal.

#### Lets see in detail this Agency of Record (AOR) Concept

Media buying is being centralised by heavy spenders. They appoint a single agency to buy space-time for all its brands.

**E.g., Unilever has appointed HTA** as the central media-buying agency for the Unilever group of companies, though the creative work is executed mainly by Lintas.

HTA, in its turn, has set up an agency of record (AOR), Fulcrum, which aims to deal with Lever, brands exclusively. Media marketers now negotiate with the big buyers and that is the basis of the concept of AOR. AOR starts investing in updated and accurate data and sets up system which otherwise were taken for granted. It bargains for a bulk amount, and is not taken for a ride by the intermediaries. So far only media planning function was given some thought, but now clients have accepted that media buying is also equally important, and is a specialized activity in its own right. However, AOR sings a requiem to 15% ad agency's commission. It is still a moot point how far an AOR can do justice to the client.

There is a lack of qualified people in this field. We do not have specially trained media buyers in India. They are just negotiators.

#### Can we go for foreign tie-ups in advertising lets try and answer this?

##### Foreign Tie-ups

Agencies now have a new role - they are brand stewards rather than just account managers or creative or media planners. Foreign tie-ups help the agencies in their new role as brand builders.

Brands are built around their inherent feel and core values, e.g., 'Colgate's fresh breath energy'. The functional attributes of the toothpaste are side tracked. Tata Tea's Asli Tazgi campaign stresses on vitality and freshness, rather than strength and flavour. Tie-ups help build the brand values.

Commonality of work culture emerges as the main determinant of equity participation. However this does not mean that if there is 10 p.c. stake of a foreign agency, the mindset would be integrated 10 p.c. The trend is towards greater foreign equity.

#### Agencies Aligned with International Networks

Advertising Agency	Billings (Rs. Cr.) (1998-99)	Foreign Partner	Foreign Stake (%)
Ambience D'Arcy	82	D'Arcy (formerly DMB & B)	51
Ammirati Puris Lintas	730	Ammirati Puris Lintas	49
Bates Clarion	64.56*	Bates Worldwide	N.A.
Chaitra Leo Burnett	155	Leo Burnett	74
Contract Advertising	175	J.Walter Thompson	40
Enterprise Nexus	123.94*	The Lowe Group	40
Equus	N.A.	WPP	N.A.
Euro RSCG	91.16*	Euro RSCG	60
FCB-Uka	348.38*	Foote, Cone & Belding	51
Hindustan Thompson Associates	1,159.8	J.Walter Thompson	60
MAA Bozell	149.95	Bozell	30
McCann-Erickson	185	McCann-Erickson	92.8
Mudra	480	DDB Needham	10
Ogilvy & Mather	389.1*	Ogilvy & Mather Worldwide	51
Publicis Zen	32.34	Publicis	N.A.
Quadrant (formerly Pratibha)	44.62*	Ammirti Puris Lintas	49
R.K.Swamy/BBDO	262.89	BBDO Worldwide	20.1
Rediffusion DY & R	224.46*	Dentsu Young & Rubicam	40
Saatchi & Saatchi	85.76*	Sattchi & Saatchi	80
SSC&B	43	Ammirati Puris Lintas	100
Speer	10	Ogilvy & Mather Worldwide	80
TBWA Anthem	60	TBWA World wide	51
Trikaya Grey	149+	Grey	42

\* A&M Report N.A.: Not available + Oct 97-Sept. 98



Lets move on to the advantages of foreign tie ups

- Mutual benefits. International brands are moving into Indian markets. Foreign agencies should do well to register their presence.
- International exposure benefits Indian agencies. Data exchange is mutually beneficial.
- Greater exchange of resource persons in near future.

**Equity tie-ups are the biggest advantage.** The world over 100 clients account for 75 p.c. of ad expenditure. Agencies handling these 100 accounts fall into specific groups (e.g., Unilever, Colgate Palmolive or P&G. Kellogs uses Leo Burnett and JWT and Coke uses McCann Erickson and Lintas. An agency, which is in one of these camps, will not get accounts from another multinational. It is obvious that at least a third of ad expenditure will be generated by multinationals.

What do you think about the Future of Advertising Agency?

**This view was expressed at the All-India Advertising Convention held in Madras in April 1982.**

**“The competition would be keen and intense in the advertising business in India in the coming years, but it need not pose a problem of survival if Indian advertising agencies show enough resilience to exploit emerging opportunities.”**

The future of the advertising agency seems to be bright. Opportunity awaits the agency to broaden its scope of services in spite of the various emerging challenges on the advertising scene. These challenges pertain to market, media, motivations or putting messages across to the audience.

**The biggest challenge to Indian advertising professionals today is the negative public image,** which this so-called image building industry of advertising has projected of itself.

False and misleading advertising does often take consumers for a ride. This was highlighted by the Sachar Committee in its report. The Second Press Commission has also adversely commented on the advertising sector. It has suggested the imposition of the news-to-ad ratio and made several other sweeping recommendations, which if implemented, will create many problems for the agencies. Voices have been raised to clamp ad censorship or to enact punitive legislation against misleading advertisements, false presentation, unfair sales promotion contests, etc. The other disturbing aspect is the steep rise in the rates- of TV commercials, radio and press ads.

**Now comes the conflict between generic promotion and brand advertising. Today, there is a demand for greater accountability to the client for the money spent on advertising.**

With mushroom growth of agencies, several unethical practices to wean away clients raise their head. In-house agencies are a problem. Even then, the 70s were years of turmoil, the 80s an era of consolidation, and the 90s is going to be a decade of big agencies. Many medium size agencies will become big in due course. Advertisers will be after a total communication package, advertising being only one part of it.

## Conservative Ad Industry

To Rupert Howell, the managing partner of an agency bearing his name, ad industry is perhaps the most conservative industry, with the possible exception of the medical profession. He says that banking is more innovative than advertising is. Agencies in future will have to embrace the total concept of marketing. The commission system keeps the agencies working on narrow margins. This has to go if agencies are ever to be taken seriously. The agency and business should have a serious partnership. The agency should receive a bonus if the client bottom line improves. Agencies of future should be leaner and not fatter.

Please go through this research on Image of the Image Makers: Marg Survey on Ad Agencies

MARG conducted a survey on ad agencies in Dec. 1989 with an aim to understand client-agency relationships. A structured questionnaire was administered to a select 102 companies. Besides, qualitative data was obtained by depth interview and projective techniques.

The survey revealed four interesting patterns of client-agency relationships:

- a. Parent-child relationship:** Here the agency holds the hand of the client, and guides him at every stage.
- b. Equal partnership relationship:** Both the agency and the client are fairly demanding of each other. They sort out their problems jointly.
- c. Unequal partnership relationship:** The client feels no need to understand the agency. It is really the agency which is expected to understand the client.
- d. Deliver-and-out relationship:** The client orders when there is a need. The client keeps relationship with several agencies. The agency supplies the services and closes the deal.

## Findings of the Survey

1. The more competitive the market, the stronger is the position of the agency. In 47 p.c. of the relationships examined, the agency was rarely or never called upon to participate in marketing planning meetings.
2. The agencies, contrary to popular belief, fare poorly with respect of generation of new ideas. In almost ¾th of the cases examined, the clients said agencies did not provide the new ideas.
3. In less than 10 p.c. of the cases does an agency have a right to chalk out communication strategy independently. Neither do they have any say in budgeting or media planning.
4. In half the cases the agency always acted as supplier of copy with visuals and executed the given brief and provided alternative execution to make client choice easy.  
To sum up, clients do not expect their agency to operate as an extension of their marketing arm.
5. About 40 p.c. companies did change their ad agencies in the last two years.
6. Clients tend to choose multiple agencies.

7. Clients put agencies into the following five categories:
- Large well-established agencies:** They have mostly international tie-ups. They have a glorious history. They offer wide-range of services at different locations. Their creative effort may not fetch awards, but they have the sales potential.
  - Super-department stores:** They offer widest range of services and are suited to big spenders, rather than the smaller ones. The clients prefer the safety offered by them, rather than the creative sparkle. However, these agencies lack personal touch.
  - Boutiques:** Their infrastructure is just sufficient for clients, though it is not heavy. Their work culture is more informal than super department stores. The creative edge is their strong point; usually provided by a few star personalities. They are guided more by gut feeling than by a systematic strategic planning approach. For newcomers, and for those who prefer creative campaigns, these agencies are a good choice.
  - Agencies for modest spenders:** Small Indian private sector companies call on them.
  - Sweat Shops:** These agencies take up any job. They are local one-city operators. They are highly responsive. Their costs are low. The service is personalized and involved.
8. The following factors put an agency on top:

Factor	Percentage Saying
Quality of advertising output	79
Demographics	40
Attitude and involvement	40
Servicing – nuts and bolts	35
Specific expertise	28
Word of mouth	25
People power	20
Marketing orientation	7
Connections and associations	4

9. The following factors are the irritants in relationship:
- Poor servicing,
  - lack of understanding of product objectives/brief,
  - poor creative output,
  - billing disputes.

#### MARG-Survey-1996

MARG conducted a second survey of Indian ad agencies to assess client-agency relationship. In this survey, the following five roles of an ad agency were identified:

- It provides advertising services by translating the client brief into a creative. It also provides alternative executions to the client.
- It acts as a media consultant. However, very few agencies have a final say in the media choice.

- It provides additional services like direct marketing, PR and help other communication – related activities.
- It acts as an extended marketing arm of the company by participating in marketing planning, setting ad objectives, debating ideas, devising the theme of the ad campaign and the ad spend. However, excepting the function of setting the ad objectives, the rest of the functions are still left out from purview of ad agencies by a great many client.
- Ad agencies are pro-active friends. They generate producer/brand ideas, stands competitive foreign products/brands, continue post-testing of the campaign and familiarize themselves with the actual market realities by physically visiting the market.

On the whole, the role of an agency has expanded.

In selecting an ad agency, the most highly rated consideration is the quality of the creative followed by prompt client servicing. The next two considerations are the agency's degree of involvement and dependability at all times – professionalism and trustworthiness.

MNCs, however, put a premium on client servicing whereas Indian private sector puts the creative much ahead of servicing. It is still true that good creative wins the accounts but bad servicing loses them. As Ranjan Kapoor puts it 'New business is won on the basis of the agency's creative product. Existing business, however, is retained on the basis of its ability to service clients.'

#### Perceived Best (CLIENT RANKINGS OF AGENCIES) (1995)

- |     |                         |
|-----|-------------------------|
| (1) | HTA                     |
| (2) | Lintas                  |
| (3) | O & M                   |
| (3) | Mudra                   |
| (5) | Trikay Grey             |
| (6) | Contract                |
| (8) | Enterprise              |
| (8) | R.K.Swamy - BBDO        |
| (8) | Sista Saatchi & Saatchi |
| (8) | Nexuc Equity            |

The above table gives the perceived rankings of the Indian ad agencies.

#### What Agencies are Good to work for?

In the recent MARG Survey, executives were asked to identify the factors which they considered important in evaluating the agencies good to work for. The following is an illustrative list:

- Learning opportunities
- Quality of seniors
- Creativity
- Professionalism
- Types of clients

- vi. Advancement opportunities
- vii. Salary level
- viii. Friendliness in the work environment.

Function wise, these factors appear as follows:

Function		Factors
Client Servicing	(i)	Types of client
	(ii)	Learning opportunity
	(iii)	Advancement opportunities
	(iv)	Quality of seniors
	(v)	Professionalism
Creative	(i)	Creativity
	(ii)	Quality of seniors
	(iii)	Learning opportunities
	(iv)	Friendliness
	(v)	Intellectual challenge
Media		Equal attention to :
		Learning opportunities
		Scientific media planning
		Professionalism
		Type of client
		Quality of seniors

There are some variations age wise, e.g., senior executives put a premium on professionalism, middle-level executives on quality of seniors and entry-level executives on type of clients. An executive's average tenure works out to only 2.3 years in an agency.

#### Lets move on to relation of IT and Agencies

Information Technology (IT) has been accepted by the ad agencies by a large, but still it has not made much inroads into the creative and production departments. Agencies so to say, are becoming 'wired.' Creative has the least use for computers. A felt-tip-pen is still considered better by art-directors than a computer. Of course, digital cameras are now being used for shoots. CD-ROMs are a source of information, image. They are window to the global culture.

#### Slotting of Agencies

It is more by chance that an agency gets a particular account, does commendable work, and over a period of time, gets associated with the product category marketed by that client. Enterprise, for example, admirably promoted Vadilal Ice-cream in colour, and got associated with food product-related expertise. K.K.Swamy is similarly associated with core sector, rural marketing and techno-based products. O&M and Lintas are agencies associated with fast moving consumer goods (FMCG). Other clients marketing the same product category then get attracted to the slotted agency. However, they may not

always be seeking expertise. The trade secrets, which the agency has, may be the real bait for the clients. Category specialization has become one of the factors for selecting an agency. However, the universality of experience may be much more valuable in the long run.

#### Three Components of Agency's Growth

An ad agency's growth comes from three components:

- i. 'Organic' growth from existing clients/brands.
- ii. 'New' business from existing clients when they line-extend or diversify into new sectors.
- iii. 'New-new' business from totally new clients.

Half the growth come from organic, another quarter from new and the last quarter from totally new clients. HTA's organic growth used to be 65-70 per cent, but will gradually decline to 30 per cent by 2,000 with new business coming in. Ad agencies are shifting growth focus from organic to new business.

**The objective of the article to be discussed is to develop an understanding as to how the advertiser and agency will do business together, as a final part of the agency selection process. That is why it is important for the principals to reach a broad agreement on these matters—before the actual agency selection is made final and publicly announced.**

#### The Advertising Agency Contract

Written by William M. Weilbacher.

The relationship with the advertising agency should be formalized in a contract. In the absence of a formal contract, there are bound to be discussions, if not confrontations, about what exactly the advertising agency is supposed to do, how it is to be compensated, and how the relationship may be terminated.

There is substantial evidence that many advertisers, particularly larger advertisers, have a formal contract or memorandum of agreement with their agency. A question on this topic was included in the 1989 Association of National Advertisers' study of agency compensation, and 89 percent of all companies responded that such a formal document existed. When a similar question was asked in 1979, 76 percent of the respondents said such a document existed.

It is always wise to have some sort of formal written contract between advertiser and agency. In addition, experience indicates that at least the broad outlines of this contract should be agreed upon before the formal appointment of an agency is publicly announced. This approach forces both sides to come to grips with important issues quickly, and this, in turn, tends to guarantee reasonable compromises in areas of disputes, as well as moderation on both sides.

Nothing is worse than delaying discussion about a contract and then delegating it to staff attorneys or outside counsels, who have little understanding of either the issues involved, the discussions held, or explicit or implied agreements reached during the actual search process.

In the case of one packaged goods advertising account, negotiations about contracts were still going on between advertiser and agency two years after the original appointment. At various times the agency had been represented in these

discussions by three different senior account managers. The advertiser was represented by two different attorneys, both from the middle ranks of the in-house legal staff. Neither side felt any time pressure to reach agreement, and whenever an irreconcilable issue arose, the talks were halted for some weeks before beginning again. As the negotiations dragged on, the advertiser's lawyers demonstrated a total ignorance of the nature of advertiser-agency relations, trade practices in the field, and the nature of the advertising agency business. They were rigid and implacable and took virtually every agency proposal as unacceptable, if not totally offensive. Finally, the advertiser decided to terminate the agency's services because it was dissatisfied with its work. Although there was no contract, the negotiating teams were in place, and finally, with a clear-cut mission, they quickly reached a termination agreement that was acceptable to both sides. All of the pointless contract negotiations could have been avoided if the advertiser had insisted on a memorandum of agreement covering the major issues of concern before the formal announcement of agency appointment.

#### The Major Issues Between Advertisers and Agencies...

No two advertiser-agency contracts are the same. There are matters that seem to be important to some advertisers and agencies, but are not to others. This is true, for example, in the case of cooperative advertising. If an advertiser has a cooperative advertising program, both advertiser and agency will want to be sure that the agency's participation in that program, if any, is clearly specified. Both sides also will want to clearly specify questions of agency compensation for its contributions to the cooperative advertising program.

The diversity of issues that can concern advertisers and agencies is clearly demonstrated in a 1963 ANA study. In that study, 109 advertisers submitted agency contracts for analysis. Collectively, these contracts contained 448 different kinds of contract clauses. No one contract contained all 448 clauses, of course, and many of the items reflected issues peculiar to a single advertiser or agency. But the diversity of advertiser-agency contract concerns is clearly indicated by the gross number of discrete contract clauses revealed by this study. It is unlikely that the number of topics covered by advertiser-agency contracts has declined since 1963.

Yet there are certain issues that should be covered in all advertiser-agency contracts. These include matters that are either of universal concern or likely to concern most advertisers and agencies, such as the following:

- The brands or products to be handled by the agency.
- The agency's responsibilities.
- The client's obligations to the agency.
- Agency compensation.
- Ownership of advertising prepared by the agency.
- The term of the relationship.
- Termination of the relationship.

The exact content of each contract, as well as the specific wording of each provision, should be worked out with the guidance of legal counsel. Yet the advertiser and agency principals are competent and responsible enough to decide on

the general outline of the formal agreement between their companies. The following paragraphs cover the essential elements that should be considered by these principals in reaching such agreement. Their understanding about each of these elements may then be summarized in a "memorandum of agreement," which may then guide the drafting of the formal agreement.

#### Products to Be Handled...

There should be a statement as to exactly what advertising accounts the agency is retained to work on. If there are peculiarities or restrictions, they should be clearly stated. For example, if new or developmental products are involved, they should be identified. If only some fraction of the total advertising activity for the brand or product is covered by the agreement (e.g., limited geographic area, or creative and marketing but not media placement) this should also be specified.

#### Agency Responsibilities...

The agreement should specify what the agency is supposed to do. Sometimes the agency responsibility is simply described as the provision of those services customarily rendered by an advertising agency. In other instances, a more detailed listing of exactly what the agency will do is provided. This would include topics such as:

- The study and analysis of client products and the markets for those products.
- The study and analysis of distribution channels and methods and their relation to assigned products.
- The study and analysis of advertising media and the determination of which media are especially adapted to the marketing of assigned products, considering their characteristics, markets, and methods of distribution.
- The development of specific advertising plans, including recommended creative approaches, as well as detailed media programs.
- The execution of the plan, when approved by the advertiser, to include specifically:
  - The preparation of advertising messages in whatever form and for whatever media the plan specifies
  - The physical production of advertising messages for use in specified advertising media
  - The negotiation for favorable rates and the actual ordering of media space and time to carry the brand or product advertising messages
  - The timely forwarding of advertising messages in proper form to specified media
  - Checking and verifying that the advertising messages appeared as planned in the media space and time purchased in behalf of the client
  - Confirmation of space and time charges submitted by the media and other authorized outside suppliers and payment of confirmed invoices.
- Cooperation of advertising agency personnel with corporate employees not directly involved with advertising (sales, research and development, public relations, legal,



accounting, etc.) to make advertising programs as effective as possible.

- Agreement by the agency not to act as advertising agent for products that directly compete with those included in this assignment.
- Agreement by the agency not to handle advertising accounts in a competing product category (e.g., automobiles or antacids) and/or any of the products of one or more specific competing companies (e.g., an agency of Procter & Gamble might agree not to handle any product manufactured by Lever Brothers or its subsidiaries).
- Agreement by the agency to act as agent of the advertiser in the purchase of services, including media services and materials required for advertising of the assigned products.
- Agreement by the agency to secure the advertiser's approval prior to committing expenditures for media, advertising production, etc. (Often advertisers require written approval for expenditure authorizations in excess of a particular amount and permit verbal authorizations for expenditures below the stipulated amount).
- Agreement by the agency to take reasonable care in safeguarding the security of the advertiser's property given to the agency, including all reports, documents, statistical data, and other material.
- Assurance by the agency that it will disclose its ownership position in any subcontractor it uses in satisfying the client's needs.
- Agreement by the agency to ascertain the ownership of photographs, art work, copyrights, or other property rights that it uses in behalf of the advertiser, and a promise to obtain appropriate releases, licenses, or other authorization.
- Agreement by the agency to carry advertising liability insurance or otherwise indemnify its client against expenses incurred due to legal claims arising from advertising materials prepared for its clients.
- Agreement by the agency to carry out particular kinds of research work. (Often this work is specifically required for the preparation and placement of advertising, such as copy pretesting and syndicated media research service purchase and analysis.) **Client Obligations...** The advertiser may agree to any number of obligations requested by the agency. **For example:**
  - The client may agree not to hire another advertising agency to work on the advertising account for the brands or products covered by the agreement without first obtaining agency consent.
  - The client may agree to provide the agency with as much information as it needs to function as an advertising agency and to provide whatever other resources and aid are required by the agency to produce effective advertising.
  - The client may agree that if advertising work in progress is canceled by the client, it will reimburse the agency for its out-of-pocket expenses and appropriate service charges for the canceled work.
- The client may agree to determine the ownership of any material provided to the agency to use in its advertising and to obtain appropriate licenses, releases, or other authorization.
- The advertiser may agree to indemnify the agency against expenses incurred due to legal claims arising from advertising approved by the advertiser.
- The advertiser may agree to indemnify the agency from legal claims that arise from distributor or third-party use of advertising, based on union codes or contracts covering commercial usage and talent compensation for such use.
- The advertiser may also agree, usually at the agency's request, that it will not require the agency to prepare advertising that the agency believes to be either deceitful or unlawful. Agency Compensation... How the agency is to be compensated for its work should be determined in accordance with the following considerations.
  - First, there will be an agreement as to how the agency is to be compensated for planning, producing, and placing advertising. —This may be by percentage commission. —Or by a fee. —Or by a combination of fee and commission. Whatever the arrangement, the advertiser will agree to it, and a description of this compensation agreement will be included.
  - Second, there will be an agreement on the reimbursement of the agency for its out-of-pocket costs for material, services, travel expenses of agency personnel, etc. —If the agency receives no markup on such costs, the agreement should say so. —If the agency receives a percentage markup on such services, the agreement will specify what it is. (For example, 17.65 percent of the net cost equals 15 percent of total cost).
- The agreement may also specify how the client will qualify for cash discounts and how the agency will handle media rate adjustment.
- The method of compensating the agency for its participation in a cooperative advertising program, if it differs from compensation for agency service for other client advertising, will also be indicated.
- The agreement may specify how the agency will be compensated for special services not covered by the general agreement between the parties, such as package design, preparing of collateral material, or planning and executing special research studies, etc.
- If the parties agree to a minimum compensation or maximum compensation, this will be indicated.
- The agreement should specify what compensation the agency should receive, if any, when advertising created by the agency is placed in the United States, by a third party. Such third-party placement could occur when regional sales organizations, franchisees, retailers, wholesalers, or others are given permission to place advertising that was originally created by the agency.
- The agreement may also detail how the agency is to be compensated, if at all, when advertising prepared by it appears outside the United States.





## LESSON 15 : INTERNATIONAL ADVERTISING

### Objective

Students when we have completed this lesson you should be able to explain the evolution of global marketing. Discuss the approaches to international advertising. Summarize how international advertising. Summarize how international management affects international advertising. List the special problems international advertisers face.

Lets try and understand first about the Evolution Of Global Marketing:

As all of us know that most counties markets are composed of local, regional, and international brands.

### Now what is a local regional and international brand?

- A local brand is one marketed in a single country.
- A regional-brand is one marketed throughout a region (for example, North America-or Europe).
- An international brand is available virtually everywhere in the world.

**In this lesson we will be dealing with regional and international brands, products and services, and with the advertising that supports them.** Marketing emerged when, the emphasis changed from importing products (tea, spices, silk, gold, and silver) to exporting products. Advertising was used to introduce, explain, and sell the benefits of a product- especially a branded product-in markets outside the home country. The current patterns of international expansion emerged largely in the twentieth century. Advertising that promotes the same product in several countries is known as international advertising. It did not appear in any organized manner until the late nineteenth century.



**Bodycopy:** You know that feeling you get when you're truly enjoying yourself and you suddenly realise you've lost all track of time out here. You can experience every day, whichever one it may be. Call 1-800-Visit NC or go to [www.visitnc.com](http://www.visitnc.com).

**Baseline:** -

**Agency:** Loeffler Ketchum Mountjoy/Charlotte

**Client:** North Carolina Travel & Tourism

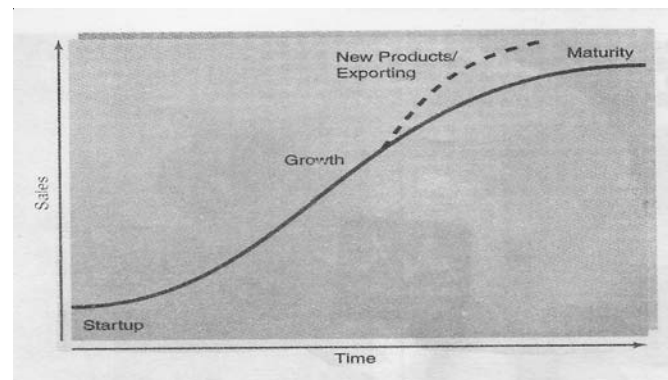
### What is Home Country Production?

The figure given below illustrates the development of product marketing from companies such as S.C. Johnson, Nestle, and Stanley Tools outside their home markets.

It starts with product that begins to reach the saturation point in its

Home market cannot grow faster than the population. At this point, you will find that the management tries to recapture the sales gains of the growth period, usually by introducing new products in its home market or expanding into foreign markets.

**Saturation of the home country market** isn't the sole reason companies venture outside the home market. Market research that shows market potential for products in other countries, mergers and acquisitions with foreign businesses, and moving into other markets to preempt development by competitors also prompt international marketing and advertising.



### Lets look at the next step that is Export

This step, of exporting a product, requires placing the product in the distribution system of another country. The exporter typically appoints a distributor or importer, who assumes responsibility for marketing and advertising in the new country. As volume grows, the complexity of product sizes, product lines, pricing, and local adaptation increases. The exporter might send an employee to work with the importer and act as liaison between the exporter and the importer. Some companies, prefer to appoint a local, distributor who knows the language and the distribution system and can therefore handle customers and the government better than a foreigner could. Starbucks, for instance, appointed a local distributor in several Asian countries, including Thailand.

When we are talking about Exporting, it is the first step in international marketing. For example, 2 years ago Brazil based chocolate manufacturer Garoto (which means "boy" in Portuguese) decided to export to other Latin American countries. Even though only \$25 million of Garoto's \$592 million sales come from exports, the company is already Latin

America's biggest chocolate exporter. Although sales outside Latin America aren't big enough to merit media advertising beyond the region, Garoto does participate in promotional opportunities such as major food fairs.

**International marketing and advertising are not the exclusive province of large companies.** Bu Jin, an innovative company in Boulder, Colorado, creates and markets martial arts products. With only eight full-time employees, its products fill a high-end international niche market worldwide. Most of Bu Jin's business is driven by its catalog. Many service providers also market internationally. Airlines and transportation companies such as UPS that serve foreign markets are in effect exporting a service.

#### Now lets move on to Nationalization and Regionalization

If the product sales or product line grows in export markets, the exporter may send a manager to work in the importer's organization or to supervise the importer. That manager typically must secure approval of plans, obtain funds for operations, and defend sales forecasts to a company management that is concerned chiefly with its domestic market. However, if sales of the imported line grow even further, the exporter may want greater control or a larger profit share and may either buy back the importer's rights and handle distribution or set up assembly (or manufacturing) facilities in the importing country. In essence, management and manufacturing transfer from the home country to the foreign one.

At this point you will find that the key marketing decisions focuses on acquiring or introducing products specifically for the local market, such as BMW setting up a U.S. manufacturing plant to build American versions of its German cars'.

Once the exporter becomes nationalized in several countries in a regional bloc, the company often establishes a regional management center and transfers day-to-day, management responsibilities from the home country to that office.

When a company is regionalized, it may still focus on its domestic market, but international considerations become more important. **For instance, Coca-Cola has several international regional offices to support its international markets.**

#### The Global Perspective

A company that has domestic operations and established regional operations in Europe, Latin America, North America, the Pacific, or elsewhere, faces the ultimate decision: **Should it establish a world corporate headquarters?**

Part of the reason for making such a decision is to give the company a truly **global perspective**: a corporate philosophy that directs products and advertising toward a worldwide market. This perspective means the company must internationalize the management group. Unilever and Shell (both of which have twin world headquarters in the United Kingdom and the Netherlands), Arthur Andersen, IBM, Nestle, and Interpublic have changed to a global management structure.

As we have discussed earlier, virtually every product category can be divided into local (or national), regional (trading bloc), and

international brands. International brands are those that are marketed in two or more of the four major regional market blocs: North America, Latin America, Europe, and Asia-Pacific. Although the Eastern European bloc will exist as a trading region for years, several of the westernmost countries in this group have been Subsumed into the European Union, and Russia and the Asian republics of the former Soviet Union may coalesce into a smaller fifth bloc. The sixth bloc-Africa, the Middle East, and Southern Asia-is so much smaller economically than the others that it is often attached to Europe or Asia-Pacific.

**In this global perspective lets first cover Global Brands**  
**Substitute the word global for international and the controversy begins.**

- A **global brand** is one that has the same name, design, and creative strategy everywhere in the world and is marketed in most of the major regional market blocs. Some companies that have global brands or their company name is considered a global trademark include McDonald's, Henkel, Rolex, Nissan, Toyota, Gillette, and Avis. The product that is most often used as an example of a global brand is Coca-Cola. The global definition breaks down slightly, however, because Classic Coke appears only in the United States and a few other markets. Elsewhere Coke is Coke, and it is marketed virtually the same way everywhere.

#### Just go through this debate

##### The Global Debate and Advertising

A 1983 Harvard Business Review article by Theodore Levitt, professor of business administration and marketing at Harvard Business School, ignited a controversy over how to achieve global coverage. Levitt argued that companies should operate as if there were only one global market. Why? He argued that differences among nations and cultures were not only diminishing but should be ignored because people throughout the world are motivated by the same desires and wants. Levitt argued further that businesses will be more efficient if they plan for a global market. Philip Kotler, marketing professor at Northwestern University, disagreed with Levitt's philosophy. According to Kotler, Levitt misinterpreted the overseas success of Coca-Cola, PepsiCo, and McDonald's. "Their success," he reasoned, "is based on variation, not offering the same product everywhere." However, Levitt did not back down. "It's a big mistake for advertisers to think that everything is becoming narrow. The challenge is to effectively come up with ways to communicate the same message to a homogenized audience all over the world."

##### The Adaptability Continuum



The outgrowth of this debate is three main schools of thought on advertising in another country:

- **Globalization (standardization).** This school of thought contends that differences between countries are more a matter of degree than direction, so advertisers must instead focus on the similarities of consumers around the world.
- **Localization (adaptation).** This school of thought argues that advertisers must consider differences among countries, including culture, stage of economic and industrial development, stage of life cycle, media availability, research availability, and legal restrictions.
- **Contingency (moderate).** This school of thought reasons that neither complete standardization nor complete adaptation is necessary and that a combination of the two approaches can guide advertising in multiple countries after a careful evaluation of factors that can affect the effectiveness of such advertising.

Note that most companies use the middle-of-the-road approach or lean toward localization. Starbucks uses this approach. Tea is offered in stores in the Far East, stronger coffees in Europe, and gourmet coffees in the United States. Furthermore, individual elements often are standardized (product name, logo, and packaging).

So which is the right approach?

No single approach is always the right one. In actual, no business has a completely global campaign. Even companies committed to globalization, such as Toyota and McDonald's, must translate many of their ads into other languages and conform to local standards and regulations. In contrast, a completely localized campaign could lead to chaos and inefficiency.

The reality of global advertising suggests that the contingency approach is best. Marketers are restricted by language, regulations and a lack of completely global media. Still, the direction toward global markets is inescapable. The challenge in advertising is the careful and sophisticated use of Kotler's "variations" nationally or regionally under a basic Levitt-style global plan to maintain efficiency.

#### Lets see International Management tools:

Regardless of the company's form or style of management, the shift from national to international management requires new tools, including one language (usually English), one control mechanism (the budget), and one strategic plan (the marketing strategy).

#### Lingua Franca

Does it sound some thing very technical?

**Don't get hassled it is not at all technical.**

**As we know that** Language affects the creation of the advertising. English normally requires the least space in printed material or airtime. The range of words (estimated at over 900,000) and the ease with which English adopts words from other languages often make it more economical than many other languages. This creates a major problem when the space for copy is laid out for English and one-third more space is needed for French or Spanish. However, English may not be able as subtle as other languages, such as Greek, Chinese, or French.

Those languages have many different words for situations and emotions that do not translate precisely into English.

Headlines in any language often involve play on words, themes that are relevant to one country, or slang. Because these verbal techniques often don't cross borders well, copywriters must remove them from the advertising unless the meaning or intent can be recreated in other languages. **For this reason, international campaigns are not translated.** Instead, a copywriter usually rewrites them in the second language.

At times you will find that some languages simply do not have words equivalent to English expressions. Computer words and advertising terms are almost universally of English derivation. There are even problems translating British English to American English. However, there are some unexpected similarities between the United Kingdom and the United States, as the British road rage ad points out.

Since 1539 the French have had legislation to keep their language "pure" and now have a government agency to prevent words, especially English words from corrupting the French language. Marketing and weekend, unacceptable to the French government agency, are translated literally as "study of the market" (or "pertaining to trade") and "end of the week," respectively. Neither quite captures the essence of the English word. Understanding language not only prevents mishaps, but it also gives advertisers a greater cultural understanding.

Experience suggests that the most reasonable solution to language problems is to use bilingual copywriters who understand the full meaning of the English text and can capture the essence of the message in the second language. It takes a brave and trusting international creative director to approve copy he or she doesn't understand but is assured is right.

#### An English-to-American English Dictionary

Rubber: an eraser  
Ladder: a run in a stocking  
Bonnet: a car's hood  
Queue: to stand in line  
free phone: a toll-free number

Estate car: station wagon  
Hoover, Hoovering: vacuum cleaner,  
to vacuum  
Wind-up: a practical joke  
Taking a piss: to make fun of  
someone or something  
Fag: cigarette

Source: Adapted from "A Pitch with a New Angle," Brandweek (November 11, 1996): 20.

A back translation of the ad copy from the foreign language into the domestic one is always a good idea, but never conveys a complete cultural interpretation.

#### Now lets understand the Global Advertising Plan

When we are discussing this strategic advertising plan, it is usually prepared in conjunction with the budget. Basically, the plan outlines the marketing strategy, whereas the budget allocates the funds. Two major approaches to advertising in foreign cultures differ in their orientation: one is market oriented and the other is culture oriented.

We discuss these contrasting approaches next.

#### The Market Analysis Model

This model is based on data and observation from several countries. It recognizes the existence of local, regional, and international brands in almost every product category. The two



major variables are the share of market of brands within a category and the size of the category. For example, the brand's percentage share of the category market might vary substantially in four countries:

	Country A	Country B	Country C	Country D
Global brands	25%	30%	50%	20%
Regional brands	60	30	10	55
Local brands	15	40	40	25

According to this example, Country C looks very valuable for the global brand. Considering the size of the market changes the picture, however. Assume that the size of the category market in the four countries is as follows:

	Country A	Country B	Country C	Country D
Number of global brands	2,00,000	1,00,000	50,000	3,00,000
Regional brands	25,000	30,000	50,000	20,000
Local brands	50,000	30,000	25,000	60,000

According to this market analysis, Country C actually is, much less important. Half of this smaller market is already in global brands. Country D not only is a larger global brand market but also is a much larger total market. A marketing manager must look not only at share but also at market size, growth rates, and growth opportunities.

For instance, cola-flavored soft drinks are not nearly as dominant in Germany as they are in the United States. To generate sales in Germany, then, a soft-drink company would have to develop orange and lemon-lime entries. McDonald's serves beer in Germany, wine in France, a local fruit-flavored shake in Singapore and Malaysia, and even a Portuguese sausage in Hawaii, in addition to the traditional Big Macs, fish sandwiches, and French fries to cater to local tastes.

### The Culture-Oriented Model

The second model of international advertising emphasizes the cultural differences among peoples and nations. This school of thought recognizes that people worldwide share certain needs, but it also stresses the fact that these needs are met differently from culture to culture. Although the same emotions are basic to all humanity, the degree to which these emotions are expressed publicly varies. The camaraderie typical in an Australian business office would be unthinkable in Japan. The informal, first-name relationships common in North America are frowned on in Germany, where co-workers often do not use first names. Likewise, the ways in which we categorize information and the values we attach to people, places, and things depend on the setting in which we were raised.

What do you think? How do cultural differences relate to advertising?

According to the high-context/low context theory, although the function of advertising is the same throughout the world, the expression of its message varies in different cultural settings. The major distinction is between high-context cultures, in which the meaning of a message can be understood only within a specific context, and low-context cultures, in which the message can be understood as an independent entity. Lists

cultures from the highest to lowest context, with Japanese being the highest-context culture is given below.

### High Context

Japanese  
Chinese  
Arabic  
Greek  
Spanish  
Italian  
English  
French  
North American  
Scandinavian  
German

### Low Context

This model helps explain the difficulties of advertising in other languages. The differences between Japanese and English are instructive. English is a low-context language. English words have very clearly defined meanings that are not highly dependent on the words surrounding them. In Japanese, however, a word can have multiple meanings. Listeners or readers will not understand the exact meaning of a word unless they clearly understand the preceding or following sentences, that is, the context in which the word is used.

Advertising messages constructed by writers from high-context cultures might be difficult to understand in low-context cultures because they may offer too much detail to make the point clearly. In contrast, messages authored by writers from low context cultures may be difficult to understand in high-context cultures because they omit essential contextual detail.

In discussing the Japanese way of advertising, Takashi Michioka, president of DYR, joint-venture agency of Young & Rubicam and Dentsu, put it this way: in Japan, differentiation among products, does not consist of explaining with words the points of difference among competing products as in America. Differentiation is achieved by bringing out the people appearing in the commercial-the way they talk, the music, the scenery-rather than emphasizing the unique features and dissimilarities of the product itself.

Agencies have to develop techniques to advertise brands that are marketed around the world. Some agencies exercise tight control, whereas others allow more local autonomy.

### All of these techniques fall into three groups:

- Tight central international control
- Centralized resources with moderate control
- Matching the client

Henkel, a large German manufacturer of household and cleaning products, provides an example of how centralized management with similar products works. Henkel's international strategy was designed to accomplish three goals: eliminate duplication of effort among its national companies, provides central direction for new products, and achieves efficiency in advertising production and impact. It included these steps:



1. Identifying how a product fulfills a need or functions beneficially.
2. Determining the common need or product benefit for consumers in European or a larger area.
3. Assigning that specific need or benefit to one product with one brand name.
4. Assigning that brand to one brand manager and one advertising agency to develop and market.
5. Disallowing the use of that one brand's benefit, name, or creative campaign for any other brand in the company.

**The organizational structure for managing international advertising depends heavily on the globalization-versus-Localization marketing and advertising strategy.** For highly globalized advertising efforts, there may be one advertising plan for each product regardless of the number of markets entered. For a product using localized advertising, there probably will be a separate advertising plan for each foreign market.

For globalized advertising plans, the business is more likely to centralize the development and control of the advertising. Quaker adopted standardized advertising for Gatorade and its other international products. As a first step in implementing its pan-European approach, Quaker centralized advertising management for all of Europe. If the marketing effort, including the advertising, is more localized, then the company is likely to centralize advertising management in each individual foreign market. Colgate Palmolive Company decided to take a country-by-country approach in its advertising.

#### **Lets try and understand how to select an agency for International Advertising.**

The choice of an advertising agency for international advertising is influenced not only by many of the same considerations as the choice of a domestic agency, but also by the global versus local decision. If the company wants to take a highly standardized approach in international markets, it is likely to favour an international agency that can handle advertising for the product in both the domestic and the international market. A localized advertising effort, by contrast, favors use of local advertising agencies for both planning and implementation of the advertising.

**Lets see what happens when a business has a global brand but faces different issues across markets?**

United Airlines decided to create a global campaign theme but they allowed two different agencies to adapt that theme to address different concerns in various regions. However, the U.S. campaign had to invigorate a flagging brand image. The European "Rising" campaign had to differentiate the united brand, which was indistinguishable from other U.S.-based airlines. Although United has more than 2,200 flights a day to nearly 140 destinations in more than 30 countries and territories, it has been in Latin America just 5 years, 6 in Europe, and 10 in the Asia-Pacific region. Because its brand seemed new to overseas consumers, it needed to establish credibility quickly.

Minneapolis-based Fallon McElligott handled the U.S. advertising and global giant Young & Rubicam (Y & R) took charge of the international business. However, the two agencies worked in partnership to make certain all advertising focused on the

"Rising" theme. Young & Rubicam was able to keep the flavour of the "Rising" campaign used by its U.S. partner agency, Fallon McElligott and used the same slogan. However, the Y & R campaign had a different focus and timing. The campaign kicked in later and coincided with peak overseas travel periods.

Jonathan Sumner, United's manager of international advertising and promotions, explained the difference between the domestic and the international campaign, "This will tackle perceived low brand awareness overseas, where our image is either confused or non-existent." But Sumner added, "We're being careful that it translates in all markets, which is no mean challenge in itself."

#### **Approaches to the International Advertising Campaign**

**According to an old axiom, "All business is local."** This proverb should be modified to read, "Almost all transactions are local" Although advertising campaigns can be created for worldwide exposure, the advertising is intended to persuade a reader or listener to do something (buy, vote, phone, order). That something is a transaction that usually is completed at home, near home, or usually in the same country if by direct mail. Even this will change as multinational direct-mail campaigns become possible in a unified common market. As noted earlier, some advertisers develop tightly controlled global campaigns with minimum adaptation for local markets. Others develop local campaigns in every major market. Most companies are somewhere in the middle, with a global campaign and a standardized strategy that is partially adapted as needed.

#### **Centrally Controlled Campaigns**

How are the campaigns, which can have nearly global application, created? International advertising campaigns have two basic starting points: (1) success in one country and (2) a centrally conceived strategy, a need, a new product, or a directive.

#### **Lets see a National Success Story**

In the first case, a successful advertising campaign, conceived for national application, is modified for use in other countries. Impulse, the body spray, started in South Africa with a campaign showing a woman being pleasantly surprised when a stranger hands her flowers. That strategic idea has been used all over the globe, but in most markets the people and the setting are localized.

Wrigley, Marlboro, IBM, Waterman Pen, Seiko Watches, Philips Shavers, Procter & Gamble, Ford, Hasbro, and many other companies have taken successful campaigns from one country and transplanted them around the world. A strong musical theme, especially typical of Coke and Pepsi, makes the transfer even smoother because music is an international language.

#### **Centrally Conceived Campaigns**

The second form, a centrally conceived campaign, was pioneered by Coca-Cola and is now used increasingly in global strategies. Although the concept is simple, the application is difficult. A work team, task force, or action group (the names vary) assembles from around the world to present, debate, modify if necessary, and agree on a basic strategy as the foundation for the campaign. With the United campaign, two of the biggest names in advertising, Bill Westbrook, creative chief from

Minneapolis-based Fallon McElligott, and Ted Bell, worldwide creative chief from global giant Young & Rubicam, met in Chicago with David Coltman, United's senior vice president of marketing. They met to decide on a new slogan that would work both in the United States and overseas and convey the brutally honest message that United understood its customers' complaints about service. Westbrook and Bell took only 15 minutes to agree on what would become the theme of United's new campaign: "Rising." The one-word theme replaced one of the most successful ad slogans in aviation history, "Fly the Friendly Skies of United."

Some circumstances require that a central strategy be imposed even if a few countries object. Cost is a huge factor. If the same photography and artwork can be used universally, this can save the \$10,000 or more each local variation might cost. Or, if leakage across borders is foreseen, international management may insist on the same approach.

Colgate faced this problem before it standardized its red package and typography. Distributors in Asia bought shipments from the United States or Europe, depending on currency rates and shipping dates, so Asian consumers saw different packages for the same product, which led to consumer confusion.

A centralized campaign could include television, radio, newspaper, magazine, cinema, Web, outdoor advertising, and collateral extensions (brochures, mailings, counter cards, in-store posters, handouts, take-one folders, or whatever is appropriate). The team can stay together to finish the work, or it can ask the writer or campaign developer to finish or supervise the completion of the entire project.

#### Variations on Central Campaigns

Variations of the centrally conceived campaign also exist. For example, Rank Xerox may handle its European creative development by asking the European offices of Young & Rubicam to develop a campaign for a specific product. The office that develops the approved campaign would be designated the lead agency. That agency office would then develop all the necessary elements of the campaign, determine the relationship of those elements to one another, shoot the photography or supervise the artwork, and prepare a standards manual for use in other countries. This manual would include examples of layouts and broadcast spots (especially the treatment of the logo or the product) and design standards for all elements.

Individual offices could either order the elements from the lead agency or produce them locally if less expensive. Because photography, artwork, television production, and color printing are very costly, developing these items in one location and then overlaying new copy or re-recording the voice track in the local language saves money. But advertisers must be careful to look local.

#### Local Application and Approval

**Assuming that the ad campaign has been approved centrally**, its execution must be adapted to suit the local market. Every ad in every country cannot come back to regional and world headquarters for approval. Within a campaign framework, most companies allow a degree of local autonomy. Some companies want to approve only pattern ads (usually the two or three ads that introduce the campaign) and commercials

and allow local approval of succeeding executions. Others want to approve only television commercials and allow local freedom for other media. If headquarters develops common material (such as ad slicks or broadcast footage), it simplifies the approval process.

In any case, free-flowing communication is necessary. Senior officers travel, review work, and bring with them the best of what is being done in other countries. Seminars, workshops, and annual conventions all serve to disseminate campaign strategies, maintain the campaign's thrust, and stimulate development of new ideas. Today, companies must balance the globalization of concepts and strategy with the localization of application.

#### Now lets understand how position the global Product

Research must be conducted to identify the problems and opportunities facing the product in each of the international markets to be entered. The normal approach of conducting consumer, product, and market analysis works well for international analysis. Emphasis should be placed on identifying local market differences to which the advertising programs must adjust.

The analysis portion of the advertising plan develops the information needed for positioning the product in the foreign markets. Particularly important is a good understanding of consumer buying motives in each market. This is almost impossible to develop without locally based consumer research.

If analysis reveals that consumer buying behavior and the competitive environment are the same across international markets, it may be possible to use a standardized positioning in all international markets. In exploring the international marketing opportunity for Gatorade, Quaker discovered that the active, outdoor lifestyle that created demand for sports beverages was an international, not domestic phenomenon.

Starbucks' consumer research suggested that perceptions of a store such as Starbucks varied from market to market. In Japan, Starbucks was positioned as a daytime meeting place for business people and an evening place for socializing. The position of Hawaiian stores was as a place to relax, any time of the day or night.

I hope all of you are clear with the positioning strategy.

#### Now lets understand the Setting of Budget from International Perspective

All the budgeting techniques have possible application in foreign markets. However, several problems may affect this decision. Most notably, the exchange rate from country to country may affect not only the amount of money spent in a particular market, but also the timing of the expenditures. Buying television time in Tokyo is approximately twice as expensive as the same time on U.S. networks. Furthermore, rather than being sold during an up-front market every spring, Japanese TV time is wholesaled several times during the year.

Another factor is the budgetary tradition in a particular market. In the United States, the use of float is common. That is, bills do not have to be paid for 30, 60, or 90 days. In Denmark, everything is strictly cash. Likewise, the notion of barter, a

common payment plan in many companies, is almost expected in Italy.

When a company is preparing a single advertising plan for multiple markets, many use an objective-task budgeting approach that makes advertising for each foreign market a separate objective with its own budget. (Remember that this approach looks at the objectives for each activity and determines the cost of accomplishing each objective.) This technique adds same flexibility to localize campaigns as needed. Alternatively, it can use other budgeting methods such as percentage-of-sales or the competitive method.

#### Selecting Media for International Campaigns

Advertising practitioners can debate global theories of advertising, but one fact is inescapable: Global media do not currently exist. Television can transmit the Olympics around the globe, but no one network controls this global transmission. An advertiser seeking global exposure must deal with different networks in different countries

#### Satellite Transmission

Satellite transmission now places programs with advertising into many homes, but its availability is not universal because of the footprint (coverage area of the satellite), the technical limitations, and the regulations of transmission by various governments. Satellites beam signals to more than one country in Europe, the Asian subcontinent, North America, and the Pacific, but they are regional, not global. The Cable News Network (CNN) is a nearly global electronic medium, reaching 141 million households in more than 100 countries. However, its coverage is in English, a language understood by less than 20 percent of the world's population.

#### The Web in International Advertising

The Web is an international marketing and advertising medium but it faces access, legal, linguistic, currency, and technological barriers. First, not everyone around the globe has the access or ability to use the Internet via computer. However, the number of Internet users is growing exponentially. The Internet audience is growing faster internationally than in the United States. Analysts predict that Europe's base of 9 million Internet users will top 17 million at the turn of the century. They also estimate that Asia and the Pacific Rim will double the 5 million households currently accessing the Internet by that time. Finland has the highest Internet penetration in the world.

Second, advertising and sales promotion laws differ from country to country. Differences in privacy laws between Europe and the United States are expected to force American companies to change how they collect and share consumer information.

Language is another factor. Although English is the dominant language on the Internet, some advertisers that want to provide different Web sites for different countries have trouble ensuring consistency across all sites. The linguistic problem is evident when Web sites are in Japanese or Chinese, languages from high-context cultures, and in English, a language from low-context cultures." English has a few variations of the word yes, for instance, whereas high-context cultures may have thousands of variations. Ensuring precise, "accurate communication in these situations is tough.

Another issue is exchange rates. Companies must decide whether to offer prices in their own currency or in the local currency. For example, one Canadian shopper reported that he found that books on a Canadian Web site were cheaper than the same books on Amazon.com. In addition, some companies make different offers available in different countries. However, savvy Internet customers can see how pricing differs from country to country. If they find differences, they may become frustrated or disenchanted

**A final point to keep in mind when appealing to international audiences is the technological differences among the worldwide Internet audience.** Users in some countries have to pay per-minute charges and therefore want to get on and off quickly, which precludes, sophisticated graphics that take a long time to load. In other countries, users have access to fast lines and may expect more sophisticated Internet programming as a result.

#### Finally the Execution of International Campaigns

Media planning for an international campaign follows the same principles used for reaching a national target audience. The execution, however, is more complex.

International campaigns are not always centrally funded. The global corporation typically has operating companies locally registered in most major countries. Advertising might have to be funded through these local entities for maximum tax benefits or to meet local laws of origination. The media planner might be able only to establish the media strategy for the target audience and set the criteria for selecting media. In small agencies media planners often make the media buys as well. Otherwise, the media buy is too complicated for one individual. Greater latitude is allowed in media planning than in creative planning.

For example, a media campaigning the Southern Hemisphere, especially for consumer goods and seasonal items, requires major changes from a Northern Hemisphere campaign. In the Southern Hemisphere, summer, Christmas, and back-to-school campaigns are all compressed from November through January.

#### Media Choices

Once the company has approved the basic global media strategy and plan, the central media planner will look for regional or multinational media. If magazines are part of the plan, the media buyer may purchase advertising space in Time, Newsweek, The Economist, Reader's Digest, and other magazines with international editions. The International Herald Tribune and the Wall Street Journal newspapers are published simultaneously in a number of major cities using satellite technology.

Magazines published by international airlines for their passengers are another option. Multinational satellites, such as British Satellite Broadcasting in Europe and Star in Hong Kong, also provide opportunities to place the same message before a target audience at the same time across national boundaries.

If the audience is targeted for a consumer product, local planning and purchase are required. This is accomplished through an international advertising agency (or international consortium of agencies) or through an international media-

buying service. If these two methods are not used, the media executive must execute the plan through a multitude of local, national, or regional media-buying services or advertising agencies.

International media-buying services usually work effectively for smaller international companies that do not have well-developed agency relationships in each country in which they operate. Regional media-buying services, such as Carat of France, are gaining great strength in Europe.

#### The Global Creative Effect

Global campaigns, like domestic campaigns, require ad work that addresses the advertising objectives and reflects the product's positioning. The opportunity for standardizing the campaign exists only if the objectives and strategic position are essentially the same.

In the united "Rising" campaign, the advertising objectives were to increase brand awareness, develop credibility quickly, and increase loyalty among business travelers. The brand was positioned as an airline that had stature and grandeur, and also one that understood the hassles of flying and was trying to improve. One commercial in the campaign shows a freckled boy and his dog playing with a model airplane near an ocean side hill when a biplane rises behind him, followed by a series of more modern planes, including United's Boeing 777 jet. Marlon Brando does the voice-over, which gives a brief history of aviation. The ad helped place United as a player in aviation history and a forerunner in today's airline service industry. Print ads tie in to Fallon's U.S. campaign by showing a handwritten pie chart explaining, "You've got \$710 million to improve the life of the business traveler. How do you spend it?"

This ad targeted the business traveler and showed that the priority of the airline was to improve customers' flying experience. The sum of money also shows how established the airline is.

#### The creative process requires three steps:

- To determine copy content, to execute the content through a central idea, and to produce the advertising.
- Standardizing the copy content by translating the appeal into the language of the foreign market is fraught with possible Communication blunders. It is rare to find a copywriter who is fluent in both the domestic and foreign language and familiar with the culture of the foreign market.

It is best if the central creative idea is universal across markets, or at least can be converted easily from market to market. For Starbucks the central idea is high-quality products in a relaxing atmosphere. Although the implementation of this idea may vary from market to market, the creative concept is sound across all types of consumers. Even if the campaign theme, slogan, or visual elements are the same across markets, it is usually desirable to adapt the creative execution to the local market. Adaptation is especially important if the advertiser wants its products identified with the local market rather than as a foreign import. Advertisements may be produced centrally, in each local market, or a combination of both. With a standardized campaign, production usually is centralized and all advertise-

ments produced simultaneously to reap production cost savings.

**Now you need to know that the advertisement that was made and used by your organization was really effective. For evaluation you should understand the strategy. Lets focus and understand that strategy.**

A strong effectiveness evaluation program is particularly important for international advertising. Intuition serves the advertiser poorly as an evaluation method because of the lack of familiarity with foreign markets. Furthermore, international advertising most often takes place out of the advertising manager's sight and is difficult to control. Moreover, as noted in "A Matter of Principle," there are also difficulties in controlling and evaluating the effectiveness of online advertising. The effectiveness evaluation program for international advertising should focus, at least initially, on pre-testing. Unfamiliarity with the culture, language, and consumer behavior can result in major miscalculations. Pre-testing helps the advertiser stop major problems that can be corrected before damage is done.

#### Lets now understand the special International Considerations

International advertising, despite its glamorous image, is tough work because it poses formidable challenges. We have already discussed the problems that language creates. Other concerns relate to laws, customs, time, inertia, resistance, rejection, and politics.

#### Laws and Regulations

International advertisers do not fear actual laws; they fear not knowing those laws. For example, a marketer cannot advertise on television to children under 12 in Sweden or Germany, cannot advertise a restaurant chain in France, and cannot advertise at all on Sunday in Austria. In Malaysia jeans are considered to be Western and decadent, and are prohibited. A commercial can be aired in Australia only if it is shot with an Australian crew. A contest or promotion might be successful in one country and illegal in another. In India you are not allowed to advertise for liquor and cigarettes.

#### Customs and Culture

Customs can be even stronger than laws. When advertising to children age 12 and over was approved in Germany, local custom was so strong that companies risked customer revolt by continuing to advertise. In many countries, naming a competitor is considered bad form.

Customs are often more subtle and, as a result, are easier to violate than laws. Quoting an obscure writer or poet would be risky in the United States, whose citizens would not respond to the unknown author. In Japan the audience would respect the advertiser for using the name or become embarrassed at not knowing a name they were expected to recognize. A campaign that made such a reference might irritate U.S. audiences and engage Japanese consumers. Companies that are starting to do business in the Middle East have to learn new selling methods because the region is so devoutly religious.

For example, there are major restrictions on how women are presented in advertising. Many Asian cultures emphasize



relationships and context. To be effective, the advertising message must recognize- these cultural differences.

Many oppose the move to a global perspective because of concerns about the homogenizing of cultural differences. Marketing or cultural imperialism is a term used to describe what happens when Western culture is imposed on others, particularly cultures such as the Middle Eastern, Asian, and African cultures that are considerably different. Countries in Southeast Asia have advertising codes. Singapore has an ad code determined to prevent Western-influenced advertising from impairing Asian family values. Malaysia requires that all ads be produced in the country, which cuts back dramatically on the number of foreign ads seen by its public.

### Time

Everything takes longer internationally count on it. The New York business day overlaps for only 3 hours with the business day in London, for 2 hours with most of Europe, and for 1 hour with Greece. Normal New York business hours do not overlap at all with those in Japan, Hong Kong the Middle East, or Australia. Overnight parcel service is dependable to most of Europe, and other regions, if the planes are able to take off and land. “For these reasons e-mail that permits electronic file transfer and telecopy transmission are popular modes for international communication. E-mail and fax numbers have become as universal as telephone numbers on stationery and business cards in international companies.

Time is an enemy in other ways. France and Spain virtually close down in August for vacation. National holidays are also a problem. U.S. corporations average 14 to 15 paid legal holidays a year. The number is more than 20 in Europe, with more than 30 in Italy

### Inertia, Resistance, Rejection, and Politics

Inertia, resistance, ‘rejection, and politics are sometimes lumped together as “not invented here” situations. Advertising is a medium for change, and change may frighten people. Every new campaign is a change. A highly successful campaign from one country might or might not be successful in another country. (Experience suggests that the success rate in moving a winning campaign to another country is about 60 percent.)

Creative directors often resist advertising that arrives from a distant headquarters rather than advertising created within the local agency. This resistance is partially the result of a very real problem in local offices of international agencies: an inability to develop a good creative team or a strong creative reputation when most of the advertising emanating from the office originates elsewhere.

Government approval of television commercials can also be difficult to secure in some countries. Standards may seem to be applied more strictly to international than to national products. Flat rejection or rejection by delay or lack of support must be anticipated with every global strategy and global campaign. The best solution is to test two ads that are both based on the global pattern advertising: a locally produced version of the advertising and an original ad. As mentioned, the global strategy usually works 60 percent of the time. If the locally produced advertising of the global strategy wins, the victory must be decisive or the costs of the variation may not be

affordable. Global companies must remain flexible enough to adopt the strategy that emerges, as the winner. At times the resistance and rejection are political. These may be the result of office politics or an extension of international politics. Trying to sell a U.S. campaign in a foreign country can be difficult if relations between the two nations are strained. To overcome local resistance and build consensus companies should have frequent regional and world conferences, maintain a constant flow of communication, transfer executives, and keep their executives well informed through travel, videotapes, e-mail, teleconferences, and consultation.

In addition, ask local managements for advice on a developing strategy or campaign. Their involvement often turns into support. Another proven axiom is always go to a problem, do not bring it to headquarters. Solutions worked out in the country that has the problem are seldom what either party anticipated and often are better than either could have hoped.

Despite its complexities and difficulties, international advertising is growing and will continue to grow in an increasingly interconnected world economy. Two of the largest agency groups are British-owned Saatchi & Saatchi and WPP, and one of the largest single agencies is Japanese (Dentsu), indicating how diverse the international advertising world is.

Now just go this article:

### International Advertising

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### Section 5.2, Article 31: International Advertising

#### 1. Definition of International Advertising

International advertising entails dissemination of a commercial message to target audiences in more than one country. Target audiences differ from country to country in terms of how they perceive or interpret symbols or stimuli, respond to humor or emotional appeals, as well as in levels of literacy and languages spoken. How the advertising function is organized also varies. In some cases, multinational firms centralize advertising decisions and



budgets and use the same or a limited number of agencies worldwide. In other cases, budgets are decentralized and placed in the hands of local subsidiaries, resulting in greater use of local advertising agencies.

International advertising can, therefore, be viewed as a communication process that takes place in multiple cultures that differ in terms of values, communication styles, and consumption patterns. International advertising is also a business activity involving advertisers and the advertising agencies that create ads and buy media in different countries. The sum total of these activities constitutes a worldwide industry that is growing in importance. International advertising is also a major force that both reflects social values, and propagates certain values worldwide.

## 2. International Advertising as a Communication Process

In international markets the process of communicating to a target audience is more complex because communication takes place across multiple contexts, which differ in terms of language, literacy, and other cultural factors. In addition, media differ in their effectiveness in carrying different appeals. A message may, therefore, not get through to the audience because of people's inability to understand it (due to literacy problems), because they misinterpret the message by attaching different meanings to the words or symbols used, or because they do not respond to the message due to a lack of income to purchase the advertised product. Media limitations also play a role in the failure of a communication to reach its intended audience.

The process of communication in international markets involves a number of steps. First, the advertiser determines the appropriate message for the target audience. Next, the message is encoded so that it will be clearly understood in different cultural contexts. The message is then sent through media channels to the audience who then decodes and reacts to the message. At each stage in the process, cultural barriers may hamper effective transmission of the message and result in miscommunication.

In encoding a verbal message, care needs to be taken in translation. Numerous examples exist of translation problems with colloquial phrases. For example, when the American Dairy Association entered Mexico with its "Got Milk?" campaign, the Spanish translation read "Are You Lactating?" Low levels of literacy may result in the need to use visual symbols. Here again, pitfalls can arise due to differences in color association or perception. In many tropical countries, green is associated with danger and has negative connotations. Red, on the other hand, is associated with weddings and happiness in China. Appeals to humor or sex also need to be treated with considerable care as their expression and effectiveness varies from one culture to another. The dry British sense of humor does not always translate effectively even to other English-speaking countries. In addition to encoding the message so that it attracts the attention of the target audience and is interpreted correctly, advertisers need to select media channels that reach the intended target audience. For example, use of TV advertising may only reach a relatively select audience in certain countries. Equally, print media will not be effective where there are low

levels of literacy. Certain media may also be more effective in certain cultures. For example, radio advertising has substantial appeal in South America where popular music is a key aspect of the local culture.

The cultural context also impacts the effectiveness of communication. In "high context" cultures, such as the collectivist Asian cultures of Japan and China, the context in which information is embedded is as important as what is said (Hall 1976). In low context cultures, which include most Western societies, the information is contained in the verbal messages. In these cultures, it is important to provide adequate information relating to the product or service in order to satisfy their need for content (De Mooij 1998). Conversely, people in high context cultures are often more effectively reached by image or mood appeals, and rely on personal networks for information and content. Awareness of these differences in communication styles is essential to ensure effective communication.

## 3. International Advertising as a Business Practice

International advertising can also be viewed as a business activity through which a firm attempts to inform target audiences in multiple countries about itself and its product or service offerings. In some cases the advertising message relates to the firm and its activities, i.e. its corporate image. In other cases, the message relates to a specific product or service marketed by the firm. In either case, the firm will use the services of an advertising agency to determine the appropriate message, advertising copy and make the media placement.

An important issue in determining international advertising strategy is whether or not to develop a global or regional advertising campaign, or rather tailor communication to differences in local markets (Peebles and Ryans 1984). If the purpose of advertising is to develop a strong corporate or global image, a uniform global campaign is more likely to be used. When, on the other hand, the objective is to launch a new product or brand, or to more clearly differentiate the product or brand from other competing brands or products, local campaigns tailored to local markets are more typical.

A global campaign offers a number of advantages. In the first place, it can be an important means of building a strong and coherent global image for the firm and/or its products worldwide. Use of the same image in different countries builds familiarity and generates synergies across world markets. It allows utilization of good ideas and creative talent (both of which are scarce commodities) on a worldwide basis. In addition, use of a single campaign provides substantial cost savings in copy development and production costs. Conversely, development of multiple local campaigns can lead to duplication of effort, result in inconsistent brand images across countries and confusion in consumers' minds with regard to the benefits offered by the brand and corporate image.

While use of uniform advertising appeals offers a number of advantages, differences in customer perceptions and response patterns across countries and cultures, as well as media availability and government regulation are major barriers to use of a standardized campaign. Even though

technological developments allow adaptation of advertising appeals to different languages (for example, TV can have audio channels in two languages, Internet messages can be automatically translated), development of visual and verbal copy that works effectively in multiple countries poses major creative challenges.

Faced with this dilemma, firms may use a global umbrella campaign combined with local country or product-specific advertising. The global umbrella campaign develops a uniform image for the company or brand worldwide, often relying on consistent visual images and the corporate logo. Product-specific or country advertising builds on this image, modifying the appeal and providing information tailored to the local market. The objective of the umbrella campaign is to provide an integrating force, while local campaigns provide greater relevance to specific local customers and markets.

The organizational structure of the firm often plays a key role in the choice of global vs. locally adapted campaigns. If international operations are organized on a country-by-country or geographic basis and operate as local profit centers with local advertising budgets, pressures exist for use of local advertising campaigns. If, on the other hand, the company is organized by product divisions, with centralized advertising budgets at corporate or regional headquarters, use of regional or global advertising campaigns is more likely (See Douglas and Craig (1995) for more information on global strategy).

#### 4. International Advertising as an Industry

The world advertising industry is characterized by a large number of small and medium sized advertising agencies that operate primarily in one country and by a small number of very large advertising agencies with operations in many countries. These agencies have developed extensive networks of offices throughout the world in order to coordinate the advertising process in all the countries where their clients do business. These networks often include both wholly-owned subsidiaries and formal relationships with local advertising agencies to establish a presence in new markets, particularly in emerging markets.

In an effort to establish greater control over their advertising, many major advertisers are consolidating all their advertising with one agency. For some major advertisers such as IBM and Citibank, this represents annual advertising expenditures in excess of \$500 million worldwide (Grein and Ducoffe, 1998). As a consequence, advertising agencies that do not have a global network are at a serious disadvantage when competing for new advertising accounts or attempting to retain existing ones that are expanding globally.

The majority of these large advertising agencies are headquartered in the US. Of the ten largest advertising agency groups, seven are headquartered in the US, and one each in the UK, France and Japan, although WPP, the British agency holding company, is made up of two large US-based agencies. With the exception of Dentsu, the Japanese agency, most other agency networks generate the majority of their revenues outside their home country. The largest agency group, Omnicom, places over \$37 billion of advertising for its clients around the world and derives half its revenue from

outside the US. Omnicom has 891 offices in over 85 countries and employs 35,600 persons worldwide (57 percent work outside the US). US-based advertising agencies and their subsidiaries are responsible for most of the advertising throughout the world. For example, of the approximately \$60 billion in advertising placed by the top 25 agency networks in Europe during 1995, 89 percent of the total was placed by subsidiaries of US-based agencies. This general pattern holds in most parts of the world that do not have restrictions on foreign ownership. The major exception is Asia where the three major Japanese agencies account for 62 percent of the advertising placed by the top 25 agency networks. Current and comprehensive information on advertising can be obtained from Advertising Age's web site, [www.adage.com](http://www.adage.com).

Worldwide over \$400 billion is spent on advertising.

Approximately half of that amount is spent in the US and the other half outside the US. Information on advertising spending can be obtained from Advertising Age's web site and from McCann-Erickson's web site ([www.mccann.com](http://www.mccann.com)).

The bulk of expenditure outside the US takes place in Europe and Japan, although Brazil, Canada, Mexico, and Australia are also important advertising markets. Outside of these markets, China is the next largest advertising market and is also growing rapidly.

The Table below shows advertising spending in the top ten global ad markets. The US and Japan account for 65 percent of the total advertising spending in these markets and the top four European markets an additional 25 percent. Apart from Brazil, no other market accounts for more than two percent of the total spending. The concentration of spending in the US in part explains the dominance of US-based advertising agencies. Not only do they work for US-based clients that continue to expand outside the US, but also they accumulate knowledge and experience in the practice of advertising that can be applied elsewhere.

Country	1997 Advertising	
	Expenditures (millions)	Percent
U.S.	117.0	50
Japan	35.7	15
U.K.	20.8	9
Germany	20.3	9
France	9.7	4
Brazil	8.8	4
Italy	7.2	3
Australia	5.5	2
Canada	5.4	2
S. Korea	5.3	2
Total:	235.7	100

**Note:** The expenditures in this Table reflect only the 13 measured media tracked by Advertising Age such as TV, magazines, radio, the Internet and yellow pages. The \$400 billion figure cited above includes unmeasured spending such as direct mail, promotion, co-op advertising, and catalogues.

Once the advertising message has been created, a media plan must be developed and specific media vehicles purchased to deliver the message to the target audience. Media differ from country in their availability, effectiveness and efficiency in delivering a message, and, with relatively few exceptions, tend to be organized on a country-by-country basis. Notable exceptions include StarTV, MTV, CNN in television, Business Week International, the Asia Wall Street Journal, the International Herald Tribune in print, and selected industry and medical publication that are read worldwide. There is also a trend toward consolidation of media in order to achieve greater economies of scale and leverage content developed in one market to others. This consolidation facilitates purchase of media on a regional and global basis. In addition, the Internet is emerging as a truly global medium that does not conform to country boundaries.

### 5. International Advertising as a Social Force

In the view of the advertiser the primary objective of advertising is to sell products or services. In achieving this primary goal, there are often profound secondary consequences. Advertising exerts a formative influence whose character is both persuasive and pervasive. Through the selective reinforcement of certain social roles, language and values, it acts as an important force fashioning the cognitions and attitudes that underlie behavior not only in the market place, but also in all aspects of life. In an international setting, advertising has an important social influence in a number of ways. First, much international advertising is designed to promote and introduce new products from one society into another. Often this results in radical change in life-styles, behavior patterns of a society, stimulating for example the adoption of fast food, casual attire or hygiene and beauty products. International advertising also encourages desire for products from other countries, it creates expectations about “the good life”, and establishes new models of consumption. Advertising is thus a potent force for change, while selectively reinforcing certain values, life-styles and role models.

Often the symbols, ideals and mores that international advertising portrays and promotes are those of Western society and culture. Through the reach of advertising, brands such as Levi's, Nike, Marlboro and McDonalds are known by and have become objects of desire for teens and young adults throughout the world. Similarly, images and scenes depicted in much international advertising are either Western in origin or reflect Western consumption behavior and values. Even where adapted to local scenarios and role models, those shown often come from sectors of society, such as the upwardly mobile urban middle class, which embrace or are receptive to Western values and mores. Consequently, a criticism frequently leveled at international advertising is that it promulgates Western values and mores, notably from the US, in other countries. This is viewed

particularly negatively in societies with strong religious or moral values, which run counter to those of the West as, for example, Islamic societies in the Middle East. When Western advertising depicts sexually explicit situations or shows women in situations considered as inappropriate or immoral, it is likely to be considered a subversive force undermining established cultural mores and values. Equally, in some countries such as France, there is a strong negative reaction to the imposition of US culture, values and use of English in advertising. Promotion of tobacco products by US and UK companies in countries where there is no legislation regulating or banning cigarette advertising has also been criticized.

At the same time, international advertising also acts as an integrating force across national boundaries. It disseminates messages using universal symbols and slogans, and establishes a common mode of communication among target audiences in different parts of the world. At the same time, multicultural values are reinforced by advertisers, who adopt images incorporating peoples of different nations and diverse cultural backgrounds, as, for example, the Colors of Benneton campaign or the British Airways “Peoples of the World” campaign. The impact of such campaigns is further reinforced by the growth of global media such as Star TV, CNN, MTV or print media that target global audiences worldwide. Consequently, while, on the one hand, international advertising can be viewed as a colonizing force propagating Western values and mores throughout the world, it is also an important force integrating societies and establishing common bonds, universal symbols and models of communication among peoples in different parts of the globe.

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## LESSON 16 :

### TUTORIAL

#### Objective

Students in this class will be discussing questions related to international advertising.

#### Questions and Answers

1. **“Perhaps advertising is the side of international marketing with the greatest similarities from country to country throughout the world. Paradoxically, despite its many similarities, it may also be credited with the greatest number of unique problems in international marketing.” Discuss.**

The paradox lies in the fact that advertising methodology is similar from country to country but that the unique problems of company policy limitations, legal aspects, linguistics, media limitations, all pose a distinct problem to the international advertiser. Advertising must be related to the basic and existing motivation patterns. The unique problem is to find this motivation and orient your campaign to the stimuli which must make the majority of the people buy the product. But these problems are generally mechanical and can be easily overcome by long-range research.

2. **Someone once commented that advertising is America’s greatest export. Discuss.**

This comment portrays the fact that America was first to realize that advertising is a crucial element in the integrated marketing plan. Since the American “philosophy” of advertising has penetrated the foreign market, it is said to have been “exported.” Many of America’s largest advertising agencies successfully operate in the foreign market. World advertising is generally patterned after the American advertising approach and system.

3. **With satellite TV able to reach many countries, discuss how a company can use satellite TV and deal effectively with different languages, different cultures, and different legal systems.**

The reality of satellite TV provides the means to have truly global advertising. This raises the question of the effectiveness of standardized advertising versus locally produced ads. Problems of different languages and laws raise doubts about the effectiveness of pan-European ads. In European satellite broadcasting, English is the preferred language for programming since the satellites must cover a territory with 12 languages and 7 national borders. A study done on Sky Channel viewers indicated that the English language programs are unacceptable for many. Germans watch the English language programs for about a minute before deciding they have the wrong station. European programming is developing, but slowly. One of the reasons for using U.S. made programming is that producing quality programs for each country is too costly. One approach to language differences and the production costs of

programming is a six-part series called “Eurocops.” It is a police series in which each country produces one episode based in the country with their own police, in their own style and with their own problems. Each broadcaster provides the episode produced in his country to the other five. The five are then dubbed into the local language and broadcast locally. The idea is to produce European programming but at a much lower cost per country than if each country had to produce all six shows. There is no question that cable, satellites, privatization and the advent of Europe 1992 will revolutionize broadcasting and create greater demand for global advertising.

4. **Outline some of the major problems confronting an international advertiser.**

Of all the elements of the marketing mix, decisions involving advertising are the ones most often affected by cultural differences among country markets. Consumers reflect their culture its style, feelings, value systems, attitudes, beliefs, and perceptions. Since advertising’s function is to “interpret or translate the need/want satisfying qualities of product and services in terms of consumer needs, wants, desires, and aspirations,” the emotional appeals, symbols, persuasive approaches and other characteristics of an advertisement must coincide with cultural norms to be effective.

Reconciling international advertising and sales promotion effort with cultural uniqueness of markets is the challenge confronting the international or global marketer. The global advertiser is confronted with legal and tax considerations, language limitations, media limitation and production and cost limitations. These limitations must all be dealt with effectively if a company is to have an effective advertisement.

5. **Defend either side of the proposition that advertising can be standardized for all countries.**

Yes, the basic theme, objectives, and philosophy of international advertising can be standardized; but the vast mechanical problems most certainly cannot be solved through international standardization. The ad man can adapt his basic skills to all countries. If buying motives and company objectives are the same for various countries, then the advertising approach may be the same. If they vary, then customizing your approach to each country is a must.

6. **Review the basic areas of advertising regulation. Are such regulations purely foreign phenomena?**

- a. The basic areas of advertising regulation are (1) the legal type such as Germany’s Comparative Terminology and Direct Comparison Laws, and (2) taxation on advertising, prevalent in Britain, France, and Austria.
- b. No, these regulations are not purely foreign. Here in the United States there are certain advertising codes and



standards that one must follow. These are generally enforced by the advertising industry itself—but the FCC also imposes strict standards of “truth in advertising.”

**7. How can advertisers overcome the problems of low literacy in their market?**

They can overcome low literacy by making use of ads that are self-explanatory, and extensive use of radio which does not have written words.

**8. What special media problems confront the international advertiser?**

Special problems in media—availability, cost, and coverage—confront the international advertisers. Local variations and lack of market data are also great headaches.

Availability of media varies from country to country due to government restrictions. Countries have either too many or too few media to adequately cover the majority of the population. As far as price goes, the United States ad man must be prepared to haggle greatly over costs. Most media costs are subject to negotiation. Agency discounts are often split with the client to bring costs down. Coverage problems generally arise when trying to reach certain sections of the population. There are many uneconomical media divisions which do not permit enough regionality. Underlying all these problems is the lack of market information which hampers a good communication mix in foreign markets and causes much waste in ad campaigns.

**9. After reading the section in this chapter on direct mail, develop guidelines to be used by a company when developing a direct mail program.**

Guideline for direct mail should be the same as for any advertising program, i.e., identify the target market, select a medium that reaches the target market, develop a message that communicates how the attributes of your product fit the needs of the target market. On this last point is the issue of translation. You want to avoid the mistake a catalog producer, R.R. Donnelley, made when a collection of a dozen American catalogs sent to Japanese consumers received only modest responses and orders. Failure to receive sufficient response may have reflected more on the American Showcase package than on the success of direct mail in the Japanese market. Even though the covering letter and brochure describing the catalogs were in Japanese, the catalogs were all in English. This error was further amplified by the fact that the mailing list did not target English-speaking Japanese. In addition to these general issues, special attention needs to be given to characteristics of mail. Are mailing lists that include your target market without excessive coverage of non-target market recipients? Does the mailing system impose some additional burden on the recipient? For example, the situation in Chile where the person receiving mail must pay a portion of the postage.

**10. Will the ability to broadcast advertising over TV satellites increase or decrease the need for standardization of advertisements? What are the problems associated with satellite broadcasting? Comment.**

The ability to broadcast advertising over TV satellites will increase the need for standardization of advertisements. The problems associated with satellite broadcasting will focus on creating an advertisement that will be culturally acceptable in all the countries receiving the BC satellite broadcast and created in such a manner that language differences that may exist within the countries will not affect the message sent. There are those, however, who feel that such an advertisement would be so bland that it would be relatively ineffective.

**11. In many of the world's marketplaces, a broad variety of media must be utilized to reach the majority of the market. Explain.**

Due to the uneconomical division of media coverage, a large amount of media must be engaged to cover a majority of the market. If an advertiser wants to reach his total market, the expenditure he will have to incur in using a broad variety of media is great. The media competitors have segmented the market so that one must employ most of them in a successful campaign.

**12. Cinema advertising (i.e., during a movie) is unimportant in the United States but a major media in such countries as Austria. Why?**

Austria has 20 percent of all advertising in cinema as a solution to its huge taxes against the other media; and the effectiveness of this type of advertising is reflected by its dollar expenditure in this medium—11 percent of the total ad expenditure in the country per year.

**13. “Foreign newspapers obviously cannot be considered as homogeneous advertising entities.” Explain.**

Literacy rates vary, and this results in coverage not being constant (selective rather than intensive). Many countries have too many papers to run an effective campaign because one must utilize all of them if one desires to cover large geographic areas. Even then, it is not known if effective readership exists. Political position of the newspaper in which you decide to run an ad may have a bad effect on the reputation of the product.

**14. What is sales promotion and how is it used in international marketing?**

Sales promotions include all marketing activities other than advertising, personal selling, and publicity that stimulate consumer purchases and improve retailer or middleman effectiveness and cooperation. Sales promotions include such items as cents-off, in-store demonstrations, samples, coupons, product tie-ins, contests, sweepstakes, sponsorship of special events, and point-of-purchase displays. Sales promotions are used as short-term efforts directed at consumer and/or retailer to achieve such specific objectives as (1) consumer product trial and/or immediate purchase, (2) consumer introduction to the store, (3) gaining retail point-of-purchase displays, (4) encouraging stores to stock a product, and (5) supporting and augmenting the advertising, personal sales efforts.



16. Take each of the steps in the communications process and give an example of how culture differences can affect the final message received.

can create problems in the sense that companies do not use feedback to effectively measure their communications efforts and attempt to correct any problems that may have been created by the other steps.

The major problem here is that the encoder is in one culture using one's own SRC and the message is decoded in another culture where the decoders are using their own SRC. The challenge is that the encoder needs to be certain that the message is being encoded in such a manner that it will be decoded in the other culture in a manner in which it is intended. Thus, cultural decoding misinterpretations can be avoided.

The importance of feedback is to provide the marketers who are generally in one cultural context with an immediate interpretation of the message sent so that any problems created by errors in the communications process or errors created by the different cultural contexts can be adjusted before significant harm occurs. The importance of noise in the system is that such things as competitive activity and other types of confusion can detract from the communications process and affect any or all of the six steps. The most important factor about noise is that it is generally uncontrollable and unpredictable, yet it can influence the outcome. Noise is also a significant reason why feedback in any communications process is so very important.

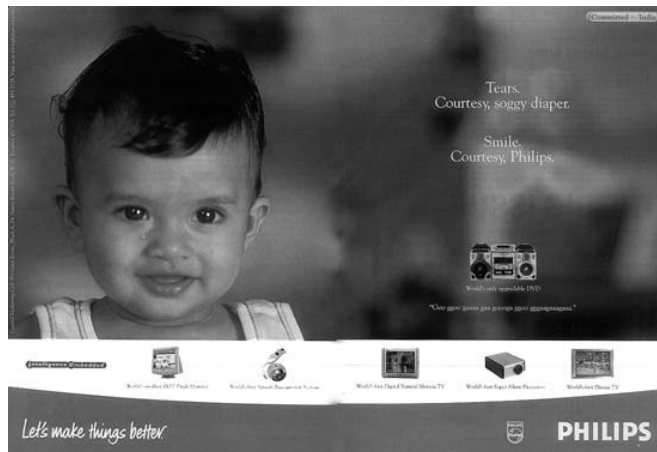
## This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There are no vertical margin lines, and the paper appears to be part of a notebook or binder.

## LESSON 17:

### CAREER IN ADVERTISING

#### Objective

Students by the end of this session you will be clear about future of advertising as a career and you will be in better situation to judge yourself whether you can make a career into this industry and then accordingly decide for the department, if you want to work in advertising agency.



**Lets start this lesson with a general overview of advertising as a career.**

If we start from the days gone by, we will find that most of the people visited cinema halls in time so as not to miss the advertisements screened before the main movie started. How exciting it was to find Karen Lune, a bikini-clad woman to be bathing under a waterfall in the advertisement of Liril. Those were the times before the advent of satellite TV channels like STAR, Zee and Sony, Satellite TV has brought a whole lot of commercials shot at all exotic locations right into our living rooms.

The arrival of Zee in 1992 coincided with the economic liberalization, which brought in its wake a lot of competition and global brands. Ad budgets used to be frugal formerly, but have now started growing at rapid pace. The expectations of clients have increased. This brought in media buying agencies. Who negotiated deals with the media to benefit their clients?

As recession hit the economy, the 30-plus-growth rate of advertising industry has slowed down to single digit figures. It has grown by 7 percent in 2002, with total business touching a figure of Rs. 10,000 crore.

Advertising reflects our times. Indian advertising has come of age now. It has shown its communicative capability - it is as good as anyone elsewhere. In the next five or 10 years, we will have to communicate more effectively and innovatively on a more regular basis.

Advertising profession was so far English-centric. But it has now started attracting people from vernacular languages. It has widened its geographical spread.

In the last decade or so, other areas of communicator's such as direct marketing, public relations and rural advertising have developed. Such diverse methods of communication make ad industry more competent to touch the consumer. These are the disciplines of the future in which the industry has invested, and they are likely to flourish in the next 10 year

**Advertising profession has its magic touch because it is practiced more as an art than as a science. Advertising will have to concentrate on its art and creative aspect more and more.**

Advertising agencies of future will have to devote more attention to building brands. Brand management has emerged as an important area and advertising contributes a great deal in building brand equity.

Advertising as a science has also improved - thanks to colour printing and processing, good cinematography and laminated hoardings.

Advertising has to professionalise. We should have more associations. There should be more opportunities for training.

#### Advertising as a Career

Advertising is a practice. It is a profession. The advertising industry consists of the advertising agencies, the advertisers, the media, the ancillary services and the freelancers. Each of these constituents offers career options to prospective candidates.

Let us consider the career options available with each of these constituents.

#### The Advertiser

When we are discussing about an advertiser he/she can be a manufacturer or a distributor or a public sector company or government department. It can be a voluntary agency. Technically, they are the sponsors of the advertising. All major advertisers maintain an advertising department. The advertising department is in charge of an advertising manager. Many of you will find career of an advertising manager quite appealing.

As far as his reporting is concerned he reports to the Chief Executive or Director-Marketing or to divisional head.

The advertising manager in charge of advertising department has both managerial and operational functions. He is responsible for interacting with agencies and the media. He pays attention to outdoor ads. He takes part in campaign planning, and media planning. He gives the necessary briefing to the Accounts Executive of the advertising agency. He gets Point-of-Purchase material prepared. He is the man behind Sales Promotion and Merchandising. He maintains press relations, and PR functions. He brings out a house journal, if there is no PR department or corporate communications department. He is

appointed on the basis of this knowledge of advertising and journalism, his knowledge of the industry, his management background and his marketing background.

He maintains a good client-agency relationship so essential for the success of the campaigns.

The company's advertising department has to decide the amount that can be spent on advertising budgeting.

Now let's move on to advertising agency

**It was estimated that advertising industry would be worth around Rs. 10,000 crores by the year 2000. Even discounting media, inflation, it is a lot of business. An advertising agency, (abbreviated to 'ad agency') is a team of experts appointed by clients to plan, produce and place advertising campaigns in the media.**

Advertising Agencies account of billing of Rs. 10,000 crores per annum. The need for people grows in proportion to billing. It employs today 20,000 people. They are constantly in need of a diversity of talents both on the creative as well as production side.

#### **Lets see the option of an Accounts Executive**

It is a key career option in advertising agency. He is called an Accounts Director when he is a member of the Board. He is a link between a client and his staff. The marketing or sales, or advertising department of the client briefs him. He communicates this to the agency people.

He reaches out to different clients for, seeking new business. Even clients who want an agency to work for them contact the accounts executive. This business development work makes him virtually a marketing manager of the agency.

Do right-brained people make better account periods?

The faculties of logic and reason are supposed to reside in the left-brained people. While intuition and creativity are believed to be in the "right. So far, accounts director was considered suitable if logical and systematic, i.e., left-brained. But if he has to motivate the team, he should be inspiring and creative too, i.e., right-brained. Alyque Padamsee feels, that MBAs are the best 'people to take on the client servicing side. Though they are attracted to marketing and finance companies, three years stint at a advertising emergency with a variety of brands that they handle will give the MBAs more marketing savvy than working in a marketing company. They can then shift to a marketing company if they are still keen. But it is betted to set the first grounding in advertising.

#### **Lets see what happens in the creative side basically the copywriters.**

They are the wordsmiths who do the wording of an advertisement. They are bright and talented. They have a flair for language. They contribute to the theme of an advertisement. Mostly language proficient students by suitable apprenticeship in an existing agency take up this as a career. Creation of successful copies for different clients establishes them in this field. The success of an ad that a copywriter has created precedes him wherever he goes. They have no elaborate degrees strung after their name. Many of them are dropouts from professionals. Before recruitment, they have to undergo the mandatory copy test.

#### **Visualisers**

These are the artists who put on paper what has been thought-out by the copywriter. They in fact design the ad. Many students good at fine art/commercial art find this as a good career option.

#### **Creative Director**

He co-ordinates the copywriting and designing. He is a senior professional who is seasoned in an existing advertising agency set-up to take on- this mantle. Alyque Padamsee prefers graduates of NID or J.J. School of Arts on the creative side. In many agencies, copywriters and Visualisers form a creative duo.

#### **Production Department**

Persons of diverse talents like printing technology, DTP-, photography, typography etc. can be employed here.

#### **A very existing career is career as a Media Planner**

He has to allocate the advertising budget amongst media. He has to select the appropriate media. He decides about the frequency, size and position of an advertisement. He decides about its publication date. He receives the tear-off copies from the media when the ad is published. He is guided by the media research, which he undertakes, or by research undertaken by an outside agency.

Media is the most professionalised department of advertising agencies. Many young MBAs who major in marketing join the media department of the advertising agencies.

#### **Marketing Research**

Modern agencies are integrated set-ups. They provide a range of marketing services. Research data becomes very useful as input to the creative process. Many MBAs, MSc (Stats), and MA (Psychology) students join the marketing research department of the advertising agencies.

#### **The Media**

Most of the media today sustain on advertising revenue. They sell space or time. While selling space or time, they have to convince the client about the reach of their media vehicle, the composition break-up of their readers and the pricing of their space/time selling. They monitor the market, survey their readers, and highlight their readers' demographic and geographic characteristics. They also maintain relationship with the media department of advertising agencies who buy space/time on behalf of clients. Many career options are now available in space selling/marketing departments of media for prospective-candidates.

#### **Ancillary Services**

These are needed to produce/ create advertisement. A whole range of services like studio service, photographic service, printing service, gift item products etc. fall into this category. Many 'career options are available for students of suitable talents. In ancillary services we- now include models and those who provide these models.

#### **Free-lancers**

These are professionals who work independently and have a successful track record. They are copywriters, jingle singers, radio announcers, artists, visualizes, technical writers etc.

### Lets See whether it is a Highly Paid Profession

Advertising is a highly paid profession. It is a conspicuous high wage island. It is “also high profile profession whose functionaries have opulent life-styles because of high expense accounts for entertaining clients. It gets its elitist brand for this reason.

Advertising adds value, to the product and accounts for its success in many cases. It therefore deserves better payments. It has to pay high salaries so very necessary to attract talents and to retain them. Higher pays have not trickled to, the entry level. Talented candidates find too much dog work and too little pay at the beginning. Only those who are determined to make a financial sacrifice purely for the passion of advertising are likely to join.

### Dearth of Talent

The demand for the right talent in advertising is increasing day by day. There are enough people entering this profession. But very few are strategic thinkers. It is however very difficult to meet this demand. Many organizations find a short cut. They attract the talents employed elsewhere. This also inflates the already high salaries further. Besides this is hardly the answer except in the very short -run. Playing musical chairs is only a short-term answer.

Another problem is that ad industry “has a dubious image. May be by their lifestyles ad professionals contribute to this image. The best professional talent so far looked it down upon it. However things are changing fast. Many candidates from elitist institutions are seriously considering advertising as a career option. We thus find many journalism, psychology and marketing major students in advertising industry today. However, marketing graduates from premier business schools are lured away by finance and banking companies.

The major cause for dearth of talent to man the positions in this industry are a lack of formal training in this area. Another reason for the dearth of manpower is the rapid growth of advertising industry - it has grown almost by 400% in the last five years. The number of professionals required is computed on the basis of thumb-rule of two professionals for every crore of billing.

### Now lets focus on Formal Training

So far there were very few formal courses of advertising. Mainly it was training on the job. Agencies used to run their own training programmes, e.g., Lintas and OBM. Foreign collaborators also rendered assistance in training the existing manpower of the agencies.

Management institutes and business schools contributed a lot by offering marketing diploma and degree courses. The products of these institutes started sneaking in the media and market research departments of agencies, and advertising publicity departments of client.

**Advertising Agencies Association of India (AAAI:** 3 As of I) arranges Creative Workshops to impart actual work experience in the systems and creative philosophies, which the best agencies follow in preparing campaigns. The intake in each workshop is restricted to 8 persons. The team works on creating a total campaign (from an actual product brief, right from scratch which includes collecting information, positioning the

product, developing an advertisement concept etc.) There are weekly assignments on various products and services.

The Indian Institute of Mass Communications, Delhi and Sophia B. K. Somani Polytechnic, Sophia College Mumbai and Bhartiya Vidya Bhavan offer post-graduate courses in mass communications. Jamia Milia Islamia, Jamia Nagar New Delhi offers M. A. course in mass communication. Xavier Institute of Communications. St. Xavier's College Mumbai offers a course in film/video production. Film and TV Institute of India, Pune offers courses related to production aspects. Besides the Institutes offering journalism have a paper on advertising. Mudra Institute of Communication (MICA). Ahmedabad organised a media-planning course of 12 students. It is organising a course on advertising planning of three month's duration this year. For Cartoon Animation Films, Ram Mohan Biographic, Moghal Laae, Mahim Mumbai offers an intensive training programme. MICA has also launched a Post-Graduate Diploma Programme in Communications of two years' duration for bachelor's degree holders in any discipline. .

The Advertising Club of Mumbai has instituted a Diploma Course. Many universities have started offering diplomas. At under graduate level universities have started offering advertising as a subject in commerce and business management streams. So far there was no full-fledged Post-graduate Course in Advertising. However the ice was broken with the setting up of STACA Centre of Advertising Studies at NIMS Mumbai. There is also a full-fledged two years' post graduate course - MAPRM: Master of Advertising and Public Relations - at Institute of Management Studies. D. A. University. P. O. Box 105. Indore.

### ST ACA Center for Advertising Studies

Until recently it was genetic composition alone that determined a young person's fate in the advertising industry. The ruling maxim was ‘ad men are born, and not trained, of late, there is realisation that though in-born traits pre-dispose a person to a successful advertising career, the talents can be further honed to a professional status by sound training. In this context, the setting up of ST ACA Centre for Advertising Studies has made a beginning. STACA stands for Standing Committee on Advertising which has been formed under the joint at auspices of the Indian Society of Advertisers' (ISA), the Indian Languages Newspaper Association (QLNA) and the Advertising Agencies Association of India (AAAI), ST ACA has been established in 1981.

In 1982 the realisation dawned that a centre for advertising studies should be formed. Soon after the Advertising Congress held in 1982 at Delhi, the profits accrued were set aside for this purpose, though this corpus by itself was not sufficient. Narsee Monjee Institute of Management (NIMS) was found to be a suitable venue for setting up this centre.

It is a unique center in the country, which has launched its inaugural course - a two year diploma - in July, 1993, which will soon be upgraded to a degree course, hopefully affiliated to University of Mumbai .STACA has made a contribution of Rs. 12 lacs for this centre.



### Mudra Institute of Communicants (MICA)

Mudra Institute of Communications is situated at Shela village near Ahmedabad. It has scenic surroundings spread across 17 acres. The Institute was set up in 1991. To begin with, it only had short-term courses on media planning, account management and marketing research. It has introduced a full-fledged two-year diploma course on advertising in 1994. The first batch graduated in 1996. It is a postgraduate course, for which graduates in any faculty are eligible to apply. Out of several thousand students who take Common Admission Test (CAT) of IIM, a batch of 50-60 students is selected after careful interviewing by an expert panel. The diploma course is divided into three semesters in a year. The syllabi is broad based and is designed as per the needs of the advertising industry. The institute has six core faculty members.

Anil Kulkarni is the Director. People from ad industry assist the core faculty. The institute also runs short-term courses even now. Their media-planning course is very popular. MICA was built by Mudra, though now it has to distance itself from it to register its own independent growth. Two-year residential course of MICA costs Rs. 2.5 lacs a year.

### National Institute of Advertising (NIA), Bhikaji Cama Place, New Delhi 110 006

NIA is set up by industry professionals to bring about a radical change in the way advertising is taught and to set forth a new generation of advertising industry's manpower ready for the real challenge ahead. NIA offers, one year Professional Diploma in Advertising Management and short-term courses in the field of Direct Marketing and Sales Promotion, Media Buying and Management, Corporate Presentation Techniques etc. for working people. The Delhi-based agency Vignette has set up this institute. Its first director is Ms. Namrata Suri. NIA course costs Rs. 41000. The institute is completely on-line. It is connected to the University of Texas US through Internet. It will also organize Saturday Specials where an agency will discuss a product launch with students.

### The Clarion College of Communication (CCC), Kolkata.

It offers a six-month comprehensive course in advertising. Its first batch of students passed in Dec. 95. Its course costs Rs. 8500.

### Contract Ad Agency's Advertising 'School, Mumbai

Inspired by MICA, Contract has instituted a programme called Windows of 3.5 months' duration. It also runs an 8.5 month's diploma course in advertising. The institute does not charge its students. On the contrary, they receive a stipend.

### Lintas Advertising School" Mumbai

They run a six-week intensive course on copy writing. Out of several hundred applications, they selected only 12 candidates. The agency plans to "conduct similar courses in media planning, creative" and direct marketing.

### Advertising as a Career

Many of you are fascinated by the ad world, and think of joining it.

Advertising as a career option now means joining either the advertising department of a business organization most probably the advertising agency business. Some decades back,

the manpower in this line came from 'the traditional guru-Shishya parampara. The mentor you chose taught you the nitty-gritty of advertising -the skills, the techniques, and the rules. Apprenticeship either under one guru or several ones was the norm. No agency today however can afford to take this time consuming route of providing on-the-job-training to people, who are untrained. The reason is the agency cannot wait till you learn and be productive. This means that a trained person who is able to pick up things faster, and continues to be productive even while learning is always preferred. It is 'learn while you earn' for the already trained person today. Besides, the gurus are often too busy to nurture young talent. Training gets low priority because most of the top-level people spend energy to cope with the pace of growth. It must be noted that ad-training institutes have restricted themselves to media planning, market research, client servicing and strategy formulation. The creativity part is still best left to the gurus to nurture. Any attempt to institutionalize creative thought is held in great suspicion by adman. Creative skills cannot be taught conventionally. We cannot just clone a thousand copywriters. Besides, it skills the magic. Who wants faceless assembly line ads?

Advertising training should be broad-based -knowledge of markets, psychology, phraseology, diction, visualization imagery, movements and music, media, and trade channels. Advertising process in general and in a specific situation must be understood. As, the industry matures; a unified stand of advertising thought adapted to cultural peculiarities of India may emerge. What is needed is a formal pre-entry level training followed by agency specific model, later.

The ultimate aim 'is to use advertising to accomplish the marketing objectives of the firm.

Learning is a continuous process, and a true ad man keeps on learning. Life in advertising, as Ghosal puts it, is one of achievement and absurdity, fun and frustration in equal measure.

### Just go through this it tells you how copy test is conducted.

#### The Copy Test

Whenever a copywriter is hired, he has to take the copy test, which is time-bound. Questions are fresh, and not the often-repeated ones. The candidate might be asked to name 20 uses of ordinary matchsticks. He may be asked to describe an elephant who has run amuck. He may be asked to draft an imaginary conversation between an ET and a tribal. The answers may or may not work. What may work is an open proposition. But what may not work is pretty clear. Cliche-traps are set, and are a sure way to eliminate the mediocre. Cliches lead us to the obvious answer, e.g., make use of the visual of pig in a bank ad and most candidates relate the pig to the piggy bank. Such banality is penalized. Fertile imagination is a plus point, e.g., what do you do with a particular sum. The answer should not too wild. Humour in right dose does work.

All said and done, copy-tests are word-oriented. Is it not outdated to select those who only have verbal fluency in this age of visual thinking, or verbal thinking across several different languages in a multi-lingual country like India? Besides, copies are written for a target audience, who may or may not be the best evaluator. Word play cannot be equated with creativity and

literary thinking. In 1993, 200 candidates took copy tests for Lintas. Around 10 were - grudgingly selected as trainees. Talent is so scarce in this area.

Copywriters (aspiring) maintain a creative portfolio of simulated campaigns. They also prepare a creative bio-data - which is an autobiographical essay. This could lead to an interview call. The copy test is the final selection tool.

Copywriters are chosen from metros/urban areas. India essentially lives in her villages. Restricted catchments area and recruiting someone like us (clone) are constraints on the selection process. We have to tap the talents from educational institutes and from inter college cultural festival.

## Appendix-II

### Career Opportunities

In all the above sides of advertising, there are career opportunities. Let us consider them one by one.

**The Advertiser:** All firms who advertise may employ the advertising manager who is in charge of the advertising department. He has both managerial and operational functions. He is the link between the firm and the agency. He is also responsible for the budget of advertising.

**The Advertising Agencies:** India has an ad industry worth Rs. 10,000 crores per annum. In ad agencies, the following opportunities are available:

**Accounts Executive:** He is a link between the client and the agency. He is virtually the marketing manager of the agency. He is briefed by the client, and communicates this brief to the agency.

**Copywriters:** They write the text of an advertisement. They have a flair for language. Mostly they are hired as trainees in the first instance by the ad agencies. Their track record leads them up to higher levels. Candidates desirous of working as copywriters must be imaginative, creative, observant and intelligent. They are taken after a copy test.

**Visualiser:** They translate the copywriter's vision into an ad. In fact, they design the ad, and are responsible for its layout. Many students of art find this as a good career option.

**Creative Director:** He co-ordinates copywriting and designing. He is a fairly senior person.

**Art Director:** Under him, we find many artists and visualizes.

**Production Department:** This department employs people of diverse talents such as people with grounding in printing technology, photography, computer graphics, animation, typography and DTP.

**Media Planner:** He looks after the planning and selection of media. He releases the final ads to the media as per schedule.

**Marketing Research:** Agencies provide a lot of services. Research data is very useful in the creative process. Candidates with background in psychology, management and statistics are preferred in the research department.

**If you want to choose your career in creative department then see which all Qualities of are required to be a Copy-writer**

1. He has to be thinker. He has to think up so many convincing reasons for everything under the sun, above the sun and including the sun.
2. He has to grow out of his education and learning and think afresh. He survives the trauma of education and shows a rebellious mind.
3. He is well informed on a range of subjects- heart-transplants to global warming.
4. He hates clichés and loves surprises.
5. He socializes and observes life around him.
6. He shows a prolific sense of humour.
7. In India, we talk to a continent. Mere verbal ability is not enough to make anyone a copywriter. Besides, the focus has shifted to visually conceived ideas. We now dream in pictures (not in words).
8. He has to think laterally and connect the visuals interestingly.
9. He must come out with the 'big idea.'
10. He has to empathise with his target audience.
11. His ads must be translatable across the media and across the 'languages.'
12. Bicultural background, rather than unicultural, is a plus point.
13. He is a professional, and not an artist. He cannot practice art for the sake of art. His writing is dictated by the, marketing considerations.
14. He should not fight shy of doing routine copy work, which goes into the making of most advertising.
15. He has to turn out acceptable quality within the time frames set. He may show thematic brilliance once in a blue moon.

### Weaknesses of Today's Copywriters

Neil Johnson, creative director, Contract mentions the following:

1. They have not read the advertising classics like Ogilvy, Claude Hopkins, George Lois and James Young.
2. They do not read other ad copies, especially those written by the masters from headline to the last word of the body copy.
3. They do not understand the function of an ad.
4. They do job-hopping on an average every 18 months and work on piecemeal basis.

### 29-ways to be a Good Account Man

Robert S. Aitchison suggests -29-ways to be an account executive:

1. He should get along with people, not only in client's organization but also in his own agency organization.
2. He must be a good planner.
3. He makes available the facts about the product so that the job of writing is not unduly difficult.
4. He will strive for creative and imaginative approaches.
5. He will be sure about the copy theme chosen.

6. He does not solely depend upon literature. He interacts with people in client organization. He insists on seeing the product being made. He takes the trouble to see it in use. He interacts with the trade.
7. He always thinks in terms of client's best interest first.
8. He believes in teamwork.
9. He makes sure that the creative people get an opportunity to see the client's plant and the production process. He exposes them to the trade.
10. He appreciates the work of the creative people.
11. He does not keep things pending and then expect the creative people to meet a short deadline.
12. He puts requests to other departments in writing.
13. He accepts the blame for the mistakes made.
14. He is open to new ideas and does not have a closed mind.
15. He knows the difference between a good creative and a bad one.
16. He believes that ads are related to sales.
17. He knows when to fight and when to retreat.
18. He explains the problems of working to the client. He knows that no agency is perfect.
19. He advises against certain wasteful expenditures.
20. He honestly admits if he does not know an answer. He does not bluff.
21. Sometimes things have to be done overnight but not always. Every job cannot be a rush job.
22. He anticipates client's needs.
23. He makes it convenient to attend client's sales meetings.
24. He is aware of media trends.
25. He knows how far he should go in being a media expert.
26. He acquaints himself with the editorial environment of the media.
27. He spends client's budget prudently.
28. He is in a position to communicate effectively with production department. He therefore knows enough about printing technology.
29. He knows when research inputs are to be used. Please go through this article on career in advertising. This article also clearly defines the role and duties in different departments.

### Thinking of a Career in Advertising?

According to the Bureau of Labor Statistics, over 250,000 people work in the advertising industry. This number is expected to grow due to two important trends. First is the megamergers among advertising agencies. This trend has been fueled by agencies' desire to increase market share by offering more services such as sophisticated market research, media buying, and in-house production facilities to clients. The second trend has been spurred by an increase in international businesses and global marketing. Agencies are moving quickly to set-up international subsidiaries to assist clients who have gone global.

Tomorrow's job applicants face a more stable environment but a highly competitive market. U.S. Department of Labor projections for the year 2000 suggest a growth of over 30% for marketing research analysts, advertising managers, and visual artists. Nevertheless, employers will continue to be highly selective. The most motivated, energetic, well-organized candidates with top-notch analytic and communication skills will land the best jobs.

### Where to Find a Job

Advertising professionals find jobs in advertising agencies, in-house advertising agencies or departments of large companies, or with mass media as advertising sales representatives. Normally advertising agencies are divided into four departments: account services, media, research, and creative.

### Careers in Advertising Agencies

#### Account Services Department:

- Positions in account services: assistant account executive, account executive, senior account executive, accounts supervisor/accounts manager
- Salary range for assistant account executives is \$20,000-\$40,000
- Directs contact with the client; acts as liaison between art department, production department, and client
- Represents client's needs to art and production departments
- Provides interpretation support to client at presentations
- Responsible for seeing that the client's needs are met accurately and on time, which calls for closely following the in-house progress of the campaign

#### Account Services Department-Traffic:

- Positions in traffic: account coordinator/traffic manager
- Salary range for traffic manager is \$18,000-\$20,000
- Coordinates all the jobs in progress and monitors their status to ensure that production remains on schedules and deadlines are met
- Works with all departments throughout the advertising campaign

#### Media Services Department:

- Positions in media: assistant media planner, media planner, media director, media manager
- Salary range for assistant media planner is \$15,000-\$25,000
- Applies statistical models to audience, circulation, and cost figures to minimize media cost and maximize media effectiveness
- Manages the purchase and control of large blocks of media time/space, whether in print or broadcast
- Recommends and allocates this space among clients according to campaign requirements
- Negotiates favorable billing terms for large, repeat, and/or guaranteed space purchases, which translates into more cost-effectiveness for clients and agency

**Research Department :**

- Positions in research: research project director, research account executive, associate research director, advertising research director, research department manager
- Salary range for research project director is \$30,000-\$55,000
- Expert in statistical applications, mathematical modeling, project design, and methodology
- Works with and often obtains outside services
- Monitors project to ensure accuracy and validity of findings, which are then reported and presented to the client.

**Creative Department-Art Direction:**

- Positions in art direction: assistant art director, junior art director, art director, senior art director
- Salary range for assistant art director is \$14,000-\$18,000
- Requires knowledge of advertising trends and strong visual communication skills
- Develops and recommends artistic strategy and rendition for client campaign, often presenting several for client approval
- Generates creative content for both print and broadcast
- Often works with copywriter as a team to brainstorm visual and verbal content
- Oversees progression of campaign from rough sketches through final production

**Creative Department-Copywriting:**

- Positions in copywriting: junior copywriter, copywriter, senior copywriter, copy chief
- Salary range for junior copywriter is \$14,000-\$18,000
- Responsible for writing ad and promotional copy and developing concepts for campaigns
- Often works with art director as a team to brainstorm visual and verbal content
- Requires knowledge of advertising trends and a strong writing ability

**Creative Department-Production:**

- Positions in production: layout worker, graphic artist, production manager
- Artists and layout workers create the visual impact of the ad by selecting photographs, drawing illustrations, choosing print size and type, and sketching scenes for commercials to go with the copy
- Design packages and create logos, trademarks and symbols
- Production manager oversees the actual printing of ads, filming of commercials, or recording of radio spots

There are a number of new departments that are being created within agencies to cover many new types of media. They include:

**Specialty Advertising Department :**

- Recommends and obtains imprinted merchandise appropriate to client campaign
- Develops strategy and recommends items to be used

- Obtains sources and monitors production to ensure timely arrival

**Internet Advertising Department :**

- Develops visual and written content for client web pages, and/or on-line advertisements
- Develops strategy for on-line promotions and web page development
- Monitors web site and on-line traffic

**Outdoor Advertising Department :**

- develops content for outdoor/transit advertisements in adherence to client's strategy
- obtains sources for production and monitors progress

**Direct Response Advertising Department :**

- develops content for direct response advertisements, such as direct mail and infomercials, in adherence to client's strategy
- obtains consumer information lists from client and/or outside sources
- monitors progress of direct response efforts

**A Career in Advertising**

If the communication of ideas and a healthy commitment to consumerism features high on your list of priorities, take a serious look at the advertising industry.

But before you focus on an advertising career, understand where advertising fits into the bigger picture of marketing. The marketing services industry encompasses

- Advertising
- Direct Marketing
- Sales Promotion
- Public Relations
- Market Research

Advertising is part of a huge industry influenced by three trends - consolidation, globalisation and specialisation. The industry consolidates in order to strengthen its position by engaging in worldwide affiliations or "globalisation". This process occurs when middle and small agencies with a good performance record are taken over by larger multinational agencies wanting to provide their clients, often also multinationals, with a local service.

Agency income, because of the globalisation of the industry is often based on global compensation agreements. Income can also be linked to performance, be based on head hours or consist of a fee calculated from commission.

The specialisation trend has seen many agencies specialise in particular advertising fields such as health-care or financial advertising or a marketing function such as direct marketing, media planning or market research. Each area requires people with specialist skills.

Throughout Australia there are approximately 6,000 jobs in the top 150 advertising agencies, with perhaps only a small percentage of vacancies for newcomers. There are many more jobs in other marketing services areas and the marketing departments of advertiser companies.



Advertising informs, persuades, competes and entertains. It informs consumers about products and services or persuades them to change their behaviour. It competes with a myriad of other messages directed at the consumer. To cut through this information overload and to create awareness and interest for a product or service requires great creative skills.

Advertising also adds value to the economy by providing employment in not only the advertising industry, but in all related fields such as the printing industry, the media, manufacturing, service industries, wholesalers and retailers.

Advertising appears in mainstream media such as TV, press, magazines, cinema, outdoor and radio, in new media such as web sites on the Internet, even in unexpected places such as ATMs, fridge magnets, screen savers, T-Shirts or coffee mugs. It can take the form of sponsorship, for example a sports program on Pay-TV. It can be 'point of sale' (the supermarket poster), direct response advertising and direct marketing (through the mail or the 'order off the TV magazine' ad), sales promotion (competitions, special offers) or design (eg packaging) and corporate image.

It is the marketing department or in smaller companies, the management, that hires an advertising agency to create, produce and place its messages.

An advertising agency can be anything from a creative shop of two to an operation employing several hundred people. There are about 250 major advertising and marketing agencies in Australia, with perhaps another 1000 small advertising and marketing consultancies. There are around fifteen ad agencies with major international networks, operating a number of offices in Australia.

An average campaign may take six months to develop, and the agency team has an ongoing involvement in the brand by analysing its performance and working to ensure its continuing success.

Most advertisements are the result of a team effort from a group of people within an advertising agency, each of whom has their own special area of expertise.

These are the team skills used to develop a campaign

- Analytical - qualitative and quantitative Research
- Strategic
- Creative
- Numerical
- Investigative
- Technical
- Financial
- Specialist (eg product knowledge)

And these are the team members:

Client Management	=	Marketing specialists
Strategic Planning	=	Consumer specialists
Copywriter	=	Creatives
Art Director	=	Creatives
Media Planner & Buyer	=	Channel Management
Print Production	=	Print specialists

Computer Studio	=	Designer
Broadcast Production	=	TV/Radio Producer
New Media Design	=	Internet/CD Rom specialist

A successful agency is a mix of post-graduates and graduates, technical graduates, film school graduates and simply, talented people.

When it comes to producing great advertising, no one person within an agency is more important than another. The part you play will depend on your talent and skills.

In the following pages, we'll introduce you to these specialised areas, and talk in detail about the skills you will need to make them your career.

Before we go any further, it's only fair to give you some idea of what you're letting yourself in for.

Getting a position in an advertising agency has never been easy. And that's a situation that's not going to change. For every junior position an agency offers, hundreds of talented hopefuls will apply.

Those who go on to get these positions enter a world where the pressure is high, the hours are long and the responsibilities are heavy. But it is an engaging and stimulating environment.

The industry is volatile. A client unhappy with an ad might reduce the budget with the agency or change the agency. An agency that loses a major account often needs to retrench the people working on this account.

At this point, many people who were thinking about working in advertising give up and take their parents' advice to "get a real job."

If you're one of the few who decides to press on, congratulations. You have taken the first step in your advertising career.

Because it's people like you the advertising industry needs. People who are self-motivated, confident, creative, enthusiastic, prepared to challenge, willing to work long hours and back themselves. Advertising is not glamorous, but hard work, demanding, creative and also fun and fulfilling.

Your next step is to decide where you're going to focus all that talent. Because, having the vague idea you'd like to be in advertising is not going to get you a position. You need to set your sights on a goal - and you need to work hard towards it. It could take you several years to break into the industry. Then again, few things that are worthwhile are ever accomplished overnight.

### Roles in Advertising

Account	Service
Strategic	Planning
Creative	
Studio	Production
Print	Production
Television/Radio	Production
Media	
Web	Designer
Internet	Producer/Strategist
Traffic	Department
Dispatch	

## Account Service

Officially, they're known as Account Managers, Account Executives or Account Directors. People in advertising agencies generally call them "suits".

They're the people responsible for overseeing the entire advertising process. From assisting the client in putting together the marketing strategy, through to the production of the finished advertisements.

Within an agency, the Account Director's role is to:

- Act as the client's liaison with the agency and balance the input of the various agency departments, ensuring it meets the client's objective
- know all there is to know about the product and its consumer
- understand the client's marketing objectives in terms of sales, market-share, competitor products
- brief the media department so it can develop the media strategy
- prepare the creative brief, which is the foundation of the advertisements the creative team will produce
- oversee the various production stages every advertisement goes through assist the client in solving marketing problems
- ensure the advertising is created on time and on budget.

He or she also has to ensure that:

- The account is running profitably for the agency
- The client is getting the best results from the whole agency team
- There are adequate resources on hand.

The Account Manager supports the Account Director with the day-to-day work on the account. Sometimes he or she can delegate to an Account Executive or Co-ordinator. Both will spend a lot of their time liaising between the various departments that produce the ads.

To handle this workload, an Account Director needs to be a strategic thinker, a great communicator and have a sharp eye for detail.

As an Account Director, you will also need to learn presentation skills, as you will be regularly called upon to present creative work and marketing strategies to groups of clients. In larger agencies, you'll report to the Group Account Director who is responsible for several accounts.

### Qualifications

Agencies are generally looking for bright university graduates with a degree in commerce, business, marketing, economics or arts/law. An MBA would be highly regarded.

If you can't get a position in an agency straight away, try for one in the sales and marketing department of another company. Many people get their break this way and you'll learn a lot of things that will be useful later on.

AFA AdSchool conducts a course 'Introduction to Advertising' for newcomers to the industry. For people with some industry experience, we recommend the AFA AdSchool course 'Account Management' and 'The Agency Business'. Please visit [www.afaadschool.com.au](http://www.afaadschool.com.au) for more information.

## Strategic Planning

Planners execute and interpret research that enables the agency to keep in touch with the market and understand what the consumer wants. The Planning Department has access to social and demographic data and direct access to consumers through quantitative and qualitative research. Quantitative research deals in numbers, ie a large number of consumers are questioned about a client's product. This provides the agency with an objective view of the customer for the product or service on offer and gives an indication of the statistical likelihood of success or failure for a product. In qualitative research a small number of consumers discuss a product or creative concept in depth, allowing the client an insight into the consumer's attitudes.

Planning is a never-ending process of defining and redefining goals and objectives, developing strategies, and evaluating advertising results. The planning process begins before research and continues after the advertisement is run. Firstly, the Planners, usually in tandem with the account management team, meet with the client to define marketing and advertising objectives. Then the Planners meet with the agency's media planners and creative people to determine the appropriate advertising strategy. Research results are considered, and the evaluation of the agency's planning team is worked into a detailed marketing and advertising plan. With the client's approval, this plan becomes the blueprint for the agency's creative and media program.

### Qualifications

Similar to account management.

Once you have had some experience, we recommend the AFA AdSchool course 'Strategic Planning'. [www.afaadschool.com.au](http://www.afaadschool.com.au)

### Creative

All great advertisements have one thing in common an idea. The people that come up with these ideas and turn them into ads are known as Copywriters and Art Directors. In most agencies, Copywriters and Art Directors work as a creative team, producing ideas for television commercials, newspaper and magazine ads, radio scripts, posters and brochures.

Once they have come up with the ideas or "concepts" as a team, each has their own special expertise to produce a finished advertisement.

In simple terms, the Copywriter comes up with the words, while the Art Director is responsible for the "look" of the ad.

A great creative team is one that can communicate a client's message in a way that is simple, original and persuasive.

The sort of ads that make people want to buy a product or question the way they think about a particular issue.

### Qualifications

The first thing you need to decide is whether you want to be an Art Director or a Copywriter. Or both.

For Art Direction, your career path is reasonably well laid out.

Formal training in graphic arts is essential. You also need to be computer literate, as computer-aided design is now dominating that work.

Universities and technical or private colleges offer courses that will train you in the basics of your craft, with a degree or diploma to hang on your wall at the end.

For Copywriters, training is not quite so well mapped out. A degree in communications will come in handy. Some copywriters even have a degree in English Language. But the only formal training available is on the job. And as you already know, that makes things a bit harder.

AWARD School is one of the best ways to get “a foot in the door”. It is a special course run by the Australasian Writers and Art Directors Association for people who want to become copywriters or art directors in the advertising industry. Check the Award website on [www.awardonline.com](http://www.awardonline.com)

Once you have gained some industry experience, we recommend the AFA AdSchool courses ‘Copywriting’ and ‘Creative Process’. [www.afaadschool.com.au](http://www.afaadschool.com.au)

### Studio Production

Every advertising agency has an art studio. In a sense, it's the closest thing advertising has to a “factory floor”. The art studio is where the newspaper and magazine ads, the brochures and the catalogues are put together in the form of finished artwork.

Traditionally, the people who work in an art room were known as Finished Artists or Layout Artists, and they assembled the ads according to the Art Director's instructions, by hand.

Today, most agency art studios have desk top publishing operators who work with sophisticated computer graphics programs.

### Qualifications

To work as a Desk Top Publishing Operator you will need formal training in graphic arts. This is available through technical or private colleges or universities. It is no coincidence that this sounds a lot like the training required to become an Art Director. Many Art Directors begin their careers working in an art studio. There is no better place to learn the fundamentals of your craft. To be a great Layout or Electronic Artist, you'll need a keen eye for detail, the ability to concentrate and a flair for design. Being a hard-working perfectionist will also score you a lot of points.

### Print Production

Advertising is an expensive business and mistakes cost money. So it's hardly surprising to learn that advertising agencies are very conscious of quality control.

The task of maintaining high standards for all the print work that comes out of an agency is the responsibility of the Print Production Manager.

In a smaller agency, this person may work alone. In a large agency, they will head up a department of production staff. Wherever they work, Print Production Managers liaise closely with every department within the agency to make sure print work is completed on time and to a consistently high standard.

Outside the agency, they deal directly with printers, paper manufacturers, film houses and the media to ensure the ads, posters and printed material the agency produces are technically correct and delivered on schedule.

### Qualifications

A Production Manager must have a wide knowledge of the advertising process, printing and production techniques. Basically, everything that goes into making an advertisement. Training is usually gained whilst working as a Production Assistant in a larger agency.

Many people get their break as a Production Assistant by starting as a “gopher” in an art room. And if that sounds a little like slave labour, it's not. Positions are, in fact, rare and should be snapped up if given the opportunity.

AFA AdSchool conducts a course ‘Print Production’. See [www.afaadschool.com.au](http://www.afaadschool.com.au).

### Television/Radio Production

This is, similarly, a co-ordinator's job. The TV or Radio Producer puts all the elements for a commercial together, organises “shoots” for TV or recordings for radio commercials, obtains quotes on production, chooses the directors and talent for the job, nursemaids all concerned through the various problems surrounding a shoot or a recording, and ensures that the finished product is on time, on budget and most importantly, truly delivers the concept that the creative team had in mind.

Usually the larger agencies will have more than one TV Producer plus an assistant or two, but in the smaller agencies it is not uncommon for freelance TV Producers to be hired who might work from home for a number of agencies.

### Qualifications

There are a number of universities and technical and private colleges who run radio & TV production courses. Again, a lot of training is gained on the job as an assistant.

AFA AdSchool conducts a course ‘Electronic Production’. See [www.afaadschool.com.au](http://www.afaadschool.com.au).

### Media

For an advertisement to communicate successfully, it needs to be seen, heard or read by as many people in the “target audience” as possible, at the best price.

It's a Media Director's responsibility to make sure this happens, as they are in control of the client's budget. A Media Director needs to be a hard-nosed negotiator as the media component of a client's budget can run into millions of dollars. Media Directors work closely with both Account Directors and Creatives throughout the “concept” stage.

The Media Planner and the Media Buyer both report to the Media Director. Media Planners need to determine which media will be used to reach the target audience most cost efficiently. They are responsible for developing the detailed plan within a given budget that achieves the best “reach versus cost”. That is, how much television versus radio versus newspapers, taxi backs, posters, internet, etc will gain the client the best possible exposure with those people most likely to buy the client's product, at the lowest cost.

Media Buyers negotiate with the various media selected, the best possible rates on behalf of the client, and therefore must have a commercial mind and a thorough understanding of all media available.

Often the functions of Media Planning and Media Buying are carried out by the same person.

Media executives spend a lot of time receiving presentations from the various media representatives keen to persuade the agency to buy their particular media. Media representatives help the decision making process by providing the latest sales data, media research or information on new titles or programs.

Some advertising agencies use a specialist media buying agency or another advertising agency to plan and buy media on their behalf. Full-service agencies, (those which provide a full range of advertising services), usually do their own media planning and buying.

Media is a fascinating area to work in, with new media opportunities for advertising springing up all the time. You need to have a strong commercial orientation and be computer literate to work in this area and be particularly well organised. Imagine booking expensive television spots in a top rating program and the station doesn't have the material from the agency to put to air. Or imagine paying for an expensive spot, but due to some media error it doesn't get run. The media person needs to control the whole process.

People who work in the Media Department need to be analytical and logical. They also need to have a finger on the pulse of public opinion. What are people watching? What are they reading? The decisions they make can have a great bearing on the success or failure of an advertising campaign.

#### Qualifications

Like many positions in advertising, there is no set qualification needed to work in media - although a degree in commerce, marketing or business administration would be useful, particularly for aspiring media planners.

AFA runs courses in 'Media Planning & Buying' and 'TV Advertising' recommended for people with experience in account service, marketing or media.

#### Web Designer

Web Designers put together graphic presentation for a client's website by creating and designing the site, incorporating the branding of the client product or service. They develop site navigation by integrating the information flow with technical solutions. They also select the course/workshop and technology (hardware/software) to suit the design and apply different techniques and appropriate media for banner ads.

#### Qualifications

Any tertiary or commercial web design course.

#### Internet Producer

Also known as Online Producer or Interactive Account Manager, this is an executive role that delivers and manages creative, high level concepts and outcomes for clients, develops and generates creative ideas and solutions and produces those ideas into working models for production. Internet Producers create solutions that improve the overall business position and conceptualise and define overall client solutions. They also work with external parties and suppliers to develop client solutions, manage production, workflow and output and project manage creative concept production.

#### Qualifications

AFA Adschool's internet@university course is highly recommended, as is on the job training. Internet@university is taught by a group of the industry's leading experts on a range of

internet-focused topics such as online branding and strategy, online media landscape, buying online media, understanding the creative possibilities of the internet and developing effective internet advertising (for details and entry conditions refer to the afaadschool.com.au site).

#### Internet Strategist

Also known as Internet Developers, Internet Strategists have extensive knowledge of new media, especially the Internet as well as working knowledge of other new media forms such as Digital TV and WAP. This role encompasses client strategy, business development, creative consulting, analysis, education and extensive communication.

#### Qualifications

As for Internet Producer.

The AFA runs a course 'internet@university' in Sydney.

www.afaadschool.com.au

#### Traffic Department

The majority of agencies, both large and small, will have a Traffic Department. Traffic Managers ensure the smooth flow of work through the various agency departments. It's their responsibility to ensure that the right ad is received on time for appearance in the relevant media.

#### Qualifications

An eye for detail, organisational talent, people skills.

#### Dispatch

A Dispatch person's main duties are sending packages from the agency, as well as distributing incoming mail, packages and messages throughout the agency. It is a great way to get to know what people do within the agency and a good place to start while you are deciding which area of the agency you would like to work in.

#### Qualifications

Enthusiasm, flexibility, people skills.

#### Other Career Opportunities

There are many professions, trades and art forms that are closely connected with the advertising industry. You may find one of them suits your talents best. Or, they could open the door to a career in an agency.

Printer		Photographer
	Illustrator	
Commercials Director		Public Relations
	Direct Marketing	
Designer		Sales Promotion
	Set Designer	
		Make-up Artist
Commercials Producer		
	Actor	
Voiceover		Sound Engineer
	Typographer	
Stylist		Brand/Product Manager
Market Research Analyst		Brand/Product Manager



## Words of Advice

When asked to define a true champion, a famous boxer said: "It's the guy who gets up when he can't".

It will pay for you to keep this in mind over the next few years. You will get your fair share of knock-backs in your search for an advertising career. The important thing is to keep trying.

There are a lot of very talented people out there who never made it because they lacked one essential quality, persistence.

Decide on the career you want, then ask agencies if they'll have you for work experience. Again, be prepared for a few polite "no's". But when you do find an agency that will take you on, make the most of it.

Talk to as many people as you can about their jobs. Ask for advice. You'll be looking after your own interests in the long run. Because an agency will hire a junior any day who is willing to learn over someone who thinks they know it all.

Another tip. Before you go for an agency interview or even before you write a letter of application, learn about the advertising agency you are talking to. Know the ads they do and be prepared to talk about them.

Remember you are the very first product you'll ever have to advertise.

Finally, be flexible.

Take any role inside an agency you can get. It will put you in a good position to achieve a career in advertising, which is when the really hard work starts.

But if you can't get a position in an agency straight away, try for one in sales, marketing or market research. You'll learn a lot that will be useful later on.

## A Foot in the Door

The AFA runs an annual Graduate Trainee Program which provides traineeships to selected graduates in NSW and Victoria. Further details are available on this site.

We also recommend you check out the extensive course program available at AFA AdSchool. The AFA AdSchool course 'Introduction to Advertising' provides a basic understanding of industry issues and key areas such as account management, research, strategy, creative and media and production. See the website for entry criteria.

## Further Resources

Trade Publications:

AdNews

B&amp;T Weekly

The AFA publishes and sells a series of “Effective Advertising” hard cover books which feature award-winning case histories. They give a fascinating insight into campaign backgrounds.

[Download order form](#)

Biographies are always useful, as are texts and these can be purchased from any large book retailer with a good business section.

Arens, W.F, 1999, Contemporary Advertising , 7th edn, Irwin McGraw-Hill, Boston

Ogilvy, D. 1995, *Ogilvy on Advertising*, Prion, London

Scott, M.C, 1999, *The Intellect Industry*, John Wiley & Sons,

UK

Sutherland, M. 1993, *Advertising & the Mind of the Consumer*, Allen & Unwin, Australia

## Notes

[illegible]

## LESSON 18:

ETHICS IN ADVERTISING, ADVERTISING STANDARD  
COUNCIL OF INDIA, CODE FOR COMMERCIAL ADVERTISING ON DOORDARSHAN, INDIAN ADVERTISING

### Objective

By the end of this lesson I expect you to be clear with ethics in advertising, then what is ASCI and the code of commercial.



As we know whatever we do in life we need to draw lines related to it so that the task, which is performed by us, is accepted by the society. Similarly when we are talking about advertising there are some Ethics, which rule it.

### Lets Start and Discuss about Ethics in Advertising

When we say Ethics it means a choice between good and bad, between right and wrong. It is governed by a set of principles of morality at a given time and at a given place. Ethics is related to group behaviour in ultimate analysis, setting thus norms for an individual to follow in consistence with the group norms.

Advertising, too, has ethical values. Advertising communication is a mix of art and facts subservient to ethical principles. In order to be consumer-oriented, an advertisement will have to be truthful and ethical. It should not mislead the consumers. If it so happens, the credibility is lost. The tall claims made by the companies boomerang on them. To the claim, 'Fly Pan-Am to Hawaii. We know the South-Pacific the Best.' a critic had scrawled: "You ought to. You have been in it often enough." And to the head-line, 'Breakfast in London Lunch in New York,' someone had added:

"And, baggage in Bermuda."

Advertisement truth is to be viewed from the consumers' point of view, and not in the narrow legalistic frame.

However? It is very ticklish to judge on this, since many times a clear line of demarcation between what is true and what is untrue is difficult to establish. But the consumers as such judge by its impact, and by its acceptance the advertisement. What it promises must be there in the performance of products.

Advertisements also should not be indecent and obscene. Gambling is also against ethical code. Endorsement of

products by celebrities who are opinion leaders is also sometimes criticized for spreading falsehood.

As advertising is a social process, it must honour time-tested norms of social behaviour, and should not affront our moral sense.

In order to enforce an ethical code we in India now have Advertising Standards Council of India: ASCI. It is a non-profit organization set-up by 43 founder members who are involved with advertising in one-way or the other. It puts forward a regulating code. ASCI proposes to adjudicate on whether an advertisement is offensive and its decision will be binding on its members. It proposes to deal with the government if there are any disputes.

Now lets see this article on ethics in advertising article

Pontifical Council For Social Communications

### Ethics in Advertising

Vatican City, February 22, 1997, Feast of the Chair of St. Peter the Apostle.

+ John P. Foley

President

+ Pierfranco Pastore

Secretary

### Introduction

1. The importance of advertising is "steadily on the increase in modern society." That observation, made by this Pontifical Council a quarter century ago as part of an overview of the state of communications, is even more true now.

Just as the media of social communication themselves have enormous influence everywhere, so advertising, using media as its vehicle, is a pervasive, powerful force shaping attitudes and behavior in today's world.

Especially since the Second Vatican Council, the Church has frequently addressed the question of the media and their role and responsibilities. She has sought to do so in a fundamentally positive manner, viewing the media as "gifts of God" which, in accordance with his providential design, bring people together and "help them to cooperate with his plan for their salvation."

In doing so, the Church stresses the responsibility of media to contribute to the authentic, integral development of persons and to foster the well being of society. "The information provided by the media is at the service of the common good. Society has a right to information based on truth, freedom, justice and solidarity."

It is in this spirit that the Church enters into dialogue with communicators. At the same time, she also calls attention to moral principles and norms relevant to social

communications, as to other forms of human endeavor, while criticizing policies and practices that offend against these standards.

Here and there in the growing body of literature arising from the Church's consideration of media, the subject of advertising is discussed. Now, prompted by the increasing importance of advertising and by requests for a more extensive treatment, we turn again to this topic.

We wish to call attention to positive contributions that advertising can and does make; to note ethical and moral problems that advertising can and does raise; to point to moral principles that apply to this field; and, finally, to suggest certain steps for the consideration of those professionally involved in advertising, as well as for others in the private sector, including the churches, and for public officials.

Our reason for addressing these matters is simple. In today's society, advertising has a profound impact on how people understand life, the world and themselves, especially in regard to their values and their ways of choosing and behaving. These are matters about which the Church is and must be deeply and sincerely concerned.

2. The field of advertising is extremely broad and diverse. In general terms, of course, an advertisement is simply a public notice meant to convey information and invite patronage or some other response. As that suggests, advertising has two basic purposes: to inform and to persuade, and — while these purposes are distinguishable — both very often are simultaneously present.

Advertising is not the same as marketing (the complex of commercial functions involved in transferring goods from producers and consumers) or public relations (the systematic effort to create a favorable public impression or 'image' of some person, group, or entity). In many cases, though, it is a technique or instrument employed by one or both of these.

Advertising can be very simple — a local, even?

Neighborhood, phenomenon — or it can be very complex, involving sophisticated research and multimedia campaigns that span the globe. It differs according to its intended audience, so that, for example, advertising aimed at children raises some technical and moral issues significantly different from those raised by advertising aimed at competent adults.

Not only are many different media and techniques employed in advertising; advertising itself is of several different kinds: commercial advertising for products and services; public service advertising on behalf of various institutions, programs, and causes; and — a phenomenon of growing importance today — political advertising in the interests of parties and candidates. Making allowance for the differences among the different kinds and methods of advertising, we intend what follows to be applicable to them all.

3. We disagree with the assertion that advertising simply mirrors the attitudes and values of the surrounding culture. No doubt advertising, like the media of social communications in general, does act as a mirror. But, also

like media in general, it is a mirror that helps shape the reality it reflects, and sometimes it presents a distorted image of reality.

Advertisers are selective about the values and attitudes to be fostered and encouraged, promoting some while ignoring others. This selectivity gives the lie to the notion that advertising does no more than reflect the surrounding culture. For example, the absence from advertising of certain racial and ethnic groups in some multi-racial or multi-ethnic societies can help to create problems of image and identity, especially among those neglected, and the almost inevitable impression in commercial advertising that an abundance of possessions leads to happiness and fulfillment can be both misleading and frustrating.

Advertising also has an indirect but powerful impact on society through its influence on media. Many publications and broadcasting operations depend on advertising revenue for survival. This often is true of religious media as well as commercial media. For their part, advertisers naturally seek to reach audiences; and the media, striving to deliver audiences to advertisers, must shape their content so to attract audiences of the size and demographic composition sought. This economic dependency of media and the power it confers upon advertisers carries with it serious responsibilities for both.

## II The Benefits of Advertising

4. Enormous human and material resources are devoted to advertising. Advertising is everywhere in today's world, so that, as Pope Paul VI remarked, "No one now can escape the influence of advertising." Even people who are not themselves exposed to particular forms of advertising confront a society, a culture — other people — affected for good or ill by advertising messages and techniques of every sort.

Some critics view this state of affairs in unrelievedly negative terms. They condemn advertising as a waste of time, talent and money — an essentially parasitic activity. In this view, not only does advertising have no value of its own, but its influence is entirely harmful and corrupting for individuals and society.

We do not agree. There is truth to the criticisms, and we shall make criticisms of our own. But advertising also has significant potential for good, and sometimes it is realized. Here are some of the ways that happens.

### a. Economic Benefits of Advertising

5. Advertising can play an important role in the process by which an economic system guided by moral norms and responsive to the common good contributes to human development. It is a necessary part of the functioning of modern market economies, which today either exist or are emerging in many parts of the world and which — provided they conform to moral standards based upon integral human development and the common good — currently seem to be "the most efficient instrument for utilizing resources and effectively responding to needs" of a socio-economic kind.

In such a system, advertising can be a useful tool for sustaining honest and ethically responsible competition that contributes to economic growth in the service of authentic human development. “The Church looks with favor on the growth of man’s productive capacity, and also on the ever widening network of relationships and exchanges between persons and social groups.... [From this point of view she encourages advertising, which can become a wholesome and efficacious instrument for reciprocal help among men.”

Advertising does this, among other ways, by informing people about the availability of rationally desirable new products and services and improvements in existing ones, helping them to make informed, prudent consumer decisions, contributing to efficiency and the lowering of prices, and stimulating economic progress through the expansion of business and trade. All of this can contribute to the creation of new jobs, higher incomes and a more decent and humane way of life for all. It also helps pay for publications, programming and productions — including those of the Church — that bring information, entertainment and inspiration to people around the world.

#### **b. Benefits of Political Advertising**

6. “The Church values the democratic system inasmuch as it ensures the participation of citizens in making political choices, guarantees to the governed the possibility both of electing and holding accountable those who govern them, and of replacing them through peaceful means when appropriate.”

Political advertising can make a contribution to democracy analogous to its contribution to economic well being in a market system guided by moral norms. As free and responsible media in a democratic system help to counteract tendencies toward the monopolization of power on the part of oligarchies and special interests, so political advertising can make its contribution by informing people about the ideas and policy proposals of parties and candidates, including new candidates not previously known to the public.

#### **c. Cultural Benefits of Advertising**

7. Because of the impact advertising has on media that depend on it for revenue, advertisers have an opportunity to exert a positive influence on decisions about media content. This they do by supporting material of excellent intellectual, aesthetic and moral quality presented with the public interest in view, and particularly by encouraging and making possible media presentations which are oriented to minorities whose needs might otherwise go unserved.

Moreover, advertising can itself contribute to the betterment of society by uplifting and inspiring people and motivating them to act in ways that benefit themselves and others. Advertising can brighten lives simply by being witty, tasteful and entertaining. Some advertisements are instances of popular art, with a vivacity and élan all their own.

#### **d. Moral and Religious Benefits of Advertising**

8. In many cases, too, benevolent social institutions, including those of a religious nature, use advertising to communicate their messages — messages of faith, of patriotism, of

tolerance, compassion and neighborly service, of charity toward the needy, messages concerning health and education, constructive and helpful messages that educate and motivate people in a variety of beneficial ways.

For the Church, involvement in media-related activities, including advertising, is today a necessary part of a comprehensive pastoral strategy. This includes both the Church’s own media — Catholic press and publishing, television and radio broadcasting, film and audiovisual production, and the rest — and also her participation in secular media. The media “can and should be instruments in the Church’s program of re-evangelization and new evangelization in the contemporary world.” While much remains to be done, many positive efforts of this kind already are underway. With reference to advertising itself, Pope Paul VI once said that it is desirable that Catholic institutions “follow with constant attention the development of the modern techniques of advertising and... know how to make opportune use of them in order to spread the Gospel message in a manner which answers the expectations and needs of contemporary man.”

### **III The Harm done by Advertising**

9. There is nothing intrinsically good or intrinsically evil about advertising. It is a tool, an instrument: it can be used well, and it can be used badly. If it can have, and sometimes does have, beneficial results such as those just described, it also can, and often does, have a negative, harmful impact on individuals and society.

*Communio et Progressio* contains this summary statement of the problem: “If harmful or utterly useless goods are touted to the public, if false assertions are made about goods for sale, if less than admirable human tendencies are exploited, those responsible for such advertising harm society and forfeit their good name and credibility. More than this, unremitting pressure to buy articles of luxury can arouse false wants that hurt both individuals and families by making them ignore what they really need. And those forms of advertising which, without shame, exploit the sexual instincts simply to make money or which seek to penetrate into the subconscious recesses of the mind in a way that threatens the freedom of the individual ... must be shunned.”

#### **a. Economic Harms of Advertising**

10. Advertising can betray its role as a source of information by misrepresentation and by withholding relevant facts. Sometimes, too, the information function of media can be subverted by advertisers’ pressure upon publications or programs not to treat of questions that might prove embarrassing or inconvenient.

More often, though, advertising is used not simply to inform but to persuade and motivate — to convince people to act in certain ways: buy certain products or services, patronize certain institutions, and the like. This is where particular abuses can occur.

The practice of “brand”-related advertising can raise serious problems. Often there are only negligible differences among



similar products of different brands, and advertising may attempt to move people to act on the basis of irrational motives (“brand loyalty,” status, fashion, “sex appeal,” etc.) instead of presenting differences in product quality and price as bases for rational choice.

Advertising also can be, and often is, a tool of the “phenomenon of consumerism,” as Pope John Paul II delineated it when he said: “It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed toward ‘having’ rather than ‘being’, and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself.” Sometimes advertisers speak of it as part of their task to “create” needs for products and services — that is, to cause people to feel and act upon cravings for items and services they do not need. “If ... a direct appeal is made to his instincts — while ignoring in various ways the reality of the person as intelligent and free — then consumer attitudes and life-styles can be created which are objectively improper and often damaging to his physical and spiritual health.”

This is a serious abuse, an affront to human dignity and the common good when it occurs in affluent societies. But the abuse is still more grave when consumerist attitudes and values are transmitted by communications media and advertising to developing countries, where they exacerbate socio-economic problems and harm the poor. “It is true that a judicious use of advertising can stimulate developing countries to improve their standard of living. But serious harm can be done them if advertising and commercial pressure become so irresponsible that communities seeking to rise from poverty to a reasonable standard of living are persuaded to seek this progress by satisfying wants that have been artificially created. The result of this is that they waste their resources and neglect their real needs, and genuine development falls behind.”

Similarly, the task of countries attempting to develop types of market economies that serve human needs and interests after decades under centralized, state-controlled systems is made more difficult by advertising that promotes consumerist attitudes and values offensive to human dignity and the common good. The problem is particularly acute when, as often happens, the dignity and welfare of society’s poorer and weaker members are at stake. It is necessary always to bear in mind that there are “goods which by their very nature cannot and must not be bought or sold” and to avoid “an ‘idolatry’ of the market” that, aided and abetted by advertising, ignores this crucial fact.

#### **b. Harms of Political Advertising**

11. Political advertising can support and assist the working of the democratic process, but it also can obstruct it. This happens when, for example, the costs of advertising limit political competition to wealthy candidates or groups, or require that office-seekers compromise their integrity and independence by over-dependence on special interests for funds.

Such obstruction of the democratic process also happens when, instead of being a vehicle for honest expositions of candidates’ views and records, political advertising seeks to distort the views and records of opponents and unjustly attacks their reputations. It happens when advertising appeals more to people’s emotions and base instincts — to selfishness, bias and hostility toward others, to racial and ethnic prejudice and the like — rather than to a reasoned sense of justice and the good of all.

#### **c. Cultural Harms of Advertising**

12. Advertising also can have a corrupting influence upon culture and cultural values. We have spoken of the economic harm that can be done to developing nations by advertising that fosters consumerism and destructive patterns of consumption. Consider also the cultural injury done to these nations and their peoples by advertising whose content and methods, reflecting those prevalent in the first world, are at war with sound traditional values in indigenous cultures. Today this kind of “domination and manipulation” via media rightly is “a concern of developing nations in relation to developed ones,” as well as a “concern of minorities within particular nations.”

The indirect but powerful influence exerted by advertising upon the media of social communications that depend on revenues from this source points to another sort of cultural concern. In the competition to attract ever larger audiences and deliver them to advertisers, communicators can find themselves tempted — in fact pressured, subtly or not so subtly — to set aside high artistic and moral standards and lapse into superficiality, tawdriness and moral squalor.

Communicators also can find themselves tempted to ignore the educational and social needs of certain segments of the audience — the very young, the very old, the poor — who do not match the demographic patterns (age, education, income, habits of buying and consuming, etc.) of the kinds of audiences advertisers want to reach. In this way the tone and indeed the level of moral responsibility of the communications media in general are lowered.

All too often, advertising contributes to the invidious stereotyping of particular groups that places them at a disadvantage in relation to others. This often is true of the way advertising treats women; and the exploitation of women, both in and by advertising, is a frequent, deplorable abuse. “How often are they treated not as persons with an inviolable dignity but as objects whose purpose is to satisfy others’ appetite for pleasure or for power? How often is the role of woman as wife and mother undervalued or even ridiculed? How often is the role of women in business or professional life depicted as a masculine caricature, a denial of the specific gifts of feminine insight, compassion, and understanding, which so greatly contribute to the? Civilization of love?”

#### **d. Moral and Religious Harms of Advertising**

13. Advertising can be tasteful and in conformity with high moral standards, and occasionally even morally uplifting, but it also can be vulgar and morally degrading. Frequently it deliberately appeals to such motives as envy, status seeking and lust. Today, too, some advertisers consciously seek to

shock and titillate by exploiting content of a morbid, perverse, pornographic nature.

What this Pontifical Council said several years ago about pornography and violence in the media is no less true of certain forms of advertising:

“As reflections of the dark side of human nature marred by sin, pornography and the exaltation of violence are age-old realities of the human condition. In the past quarter century, however, they have taken on new dimensions and have become serious social problems. At a time of widespread and unfortunate confusion about moral norms, the communications media have made pornography and violence accessible to a vastly expanded audience, including young people and even children, and a problem which at one time was confined mainly to wealthy countries has now begun, via the communications media, to corrupt moral values in developing nations.”

We note, too, certain special problems relating to advertising that treats of religion or pertains to specific issues with a moral dimension.

In cases of the first sort, commercial advertisers sometimes include religious themes or use religious images or personages to sell products. It is possible to do this in tasteful, acceptable ways, but the practice is obnoxious and offensive when it involves exploiting religion or treating it flippantly.

In cases of the second sort, advertising sometimes is used to promote products and inculcate attitudes and forms of behavior contrary to moral norms. That is the case, for instance, with the advertising of contraceptives, abortifacients and products harmful to health, and with government-sponsored advertising campaigns for artificial birth control, so-called “safe sex”, and similar practices.

#### IV Some Ethical and Moral Principles

14. The Second Vatican Council declared: “If the media are to be correctly employed, it is essential that all who use them know the principles of the moral order and apply them faithfully in this domain.” The moral order to which this refers is the order of the law of human nature, binding upon all because it is “written on their hearts” (Rom. 2:15) and embodies the imperatives of authentic human fulfillment.

For Christians, moreover, the law of human nature has a deeper dimension, a richer meaning. “Christ is the ‘Beginning’ who, having taken on human nature, definitively illumines it in its constitutive elements and in its dynamism of charity towards God and neighbor.” Here we comprehend the deepest significance of human freedom: that it makes possible an authentic moral response, in light of Jesus Christ, to the call “to form our conscience, to make it the object of a continuous conversion to what is true and to what is good.”

In this context, the media of social communications have two options, and only two. Either they help human persons to grow in their understanding and practice of what is true and good, or they are destructive forces in conflict with human well being. That is entirely true of advertising.

Against this background, then, we point to this fundamental principle for people engaged in advertising: advertisers —

that is, those who commission, prepare or disseminate advertising — are morally responsible for what they seek to move people to do; and this is a responsibility also shared by publishers, broadcasting executives, and others in the communications world, as well as by those who give commercial or political endorsements, to the extent that they are involved in the advertising process.

If an instance of advertising seeks to move people to choose and act rationally in morally good ways that are of true benefit to themselves and others, persons involved in it do what is morally good; if it seeks to move people to do evil deeds that are self-destructive and destructive of authentic community, they do evil.

This applies also to the means and the techniques of advertising: it is morally wrong to use manipulative, exploitative, corrupt and corrupting methods of persuasion and motivation. In this regard, we note special problems associated with so-called indirect advertising that attempts to move people to act in certain ways — for example, purchase particular products — without their being fully aware that they are being swayed. The techniques involved here include showing certain products or forms of behavior in superficially glamorous settings associated with superficially glamorous people; in extreme cases, it may even involve the use of subliminal messages.

Within this very general framework, we can identify several moral principles that are particularly relevant to advertising. We shall speak briefly of three: truthfulness, the dignity of the human person, and social responsibility.

##### a. Truthfulness in Advertising

15. Even today, some advertising is simply and deliberately untrue. Generally speaking, though, the problem of truth in advertising is somewhat more subtle: it is not that advertising says what is overtly false, but that it can distort the truth by implying things that are not so or withholding relevant facts. As Pope John Paul II points out, on both the individual and social levels, truth and freedom are inseparable; without truth as the basis, starting point and criterion of discernment, judgment, choice and action, there can be no authentic exercise of freedom. The Catechism of the Catholic Church, quoting the Second Vatican Council, insists that the content of communication be “true and — within the limits set by justice and charity — complete”; the content should, moreover, be communicated “honestly and properly.”

To be sure, advertising, like other forms of expression, has its own conventions and forms of stylization, and these must be taken into account when discussing truthfulness. People take for granted some rhetorical and symbolic exaggeration in advertising; within the limits of recognized and accepted practice, this can be allowable.

But it is a fundamental principle that advertising may not deliberately seek to deceive, whether it does that by what it says, by what it implies, or by what it fails to say. “The proper exercise of the right to information demands that the content of what is communicated be true and, within the limits set by justice and charity, complete. ... Included here is

the obligation to avoid any manipulation of truth for any reason.”

### b. The Dignity of the Human Person

16. There is an “imperative requirement” that advertising “respect the human person, his right duty to make a responsible choice, his interior freedom; all these goods would be violated if man’s lower inclinations were to be exploited, or his capacity to reflect and decide compromised.”

These abuses are not merely hypothetical possibilities but realities in much advertising today. Advertising can violate the dignity of the human person both through its content — what is advertised, the manner in which it is advertised — and through the impact it seeks to make upon its audience. We have spoken already of such things as appeals to lust, vanity, envy and greed, and of techniques that manipulate and exploit human weakness. In such circumstances, advertisements readily become “vehicles of a deformed outlook on life, on the family, on religion and on morality — an outlook that does not respect the true dignity and destiny of the human person.”

This problem is especially acute where particularly vulnerable groups or classes of persons are concerned: children and young people, the elderly, the poor, the culturally disadvantaged.

Much advertising directed at children apparently tries to exploit their credulity and suggestibility, in the hope that they will put pressure on their parents to buy products of no real benefit to them. Advertising like this offends against the dignity and rights of both children and parents; it intrudes upon the parent-child relationship and seeks to manipulate it to its own base ends. Also, some of the comparatively little advertising directed specifically to the elderly or culturally disadvantaged seems designed to play upon their fears so as to persuade them to allocate some of their limited resources to goods or services of dubious value.

### c. Advertising and Social Responsibility

17. Social responsibility is such a broad concept that we can note here only a few of the many issues and concerns relevant under this heading to the question of advertising.

The ecological issue is one. Advertising that fosters a lavish life style which wastes resources and despoils the environment offends against important ecological concerns. “In his desire to have and to enjoy rather than to be and grow, man consumes the resources of the earth and his own life in an excessive and disordered way. ... Man thinks that he can make arbitrary use of the earth, subjecting it without restraint to his will, as though it did not have its own requisites and a prior God-given purpose, which man can indeed develop but must not betray.”

As this suggests, something more fundamental is at issue here: authentic and integral human development.

Advertising that reduces human progress to acquiring material goods and cultivating a lavish life style expresses a false, destructive vision of the human person harmful to individuals and society alike.

When people fail to practice “a rigorous respect for the moral, cultural and spiritual requirements, based on the dignity of the person and on the proper identity of each community, beginning with the family and religious societies,” then even material abundance and the conveniences that technology makes available “will prove unsatisfying and in the end contemptible.” Advertisers, like people engaged in other forms of social communication, have a serious duty to express and foster an authentic vision of human development in its material, cultural and spiritual dimensions. Communication that meets this standard is, among other things, a true expression of solidarity. Indeed, the two things — communication and solidarity — are inseparable, because, as the Catechism of the Catholic Church points out, solidarity is “a consequence of genuine and right communication and the free circulation of ideas that further knowledge and respect for others.”

## V Conclusion: Some Steps to Take

18. The indispensable guarantors of ethically correct behavior by the advertising industry are the well formed and responsible consciences of advertising professionals themselves: consciences sensitive to their duty not merely to serve the interests of those who commission and finance their work but also to respect and uphold the rights and interests of their audiences and to serve the common good.

Many women and men professionally engaged in advertising do have sensitive consciences, high ethical standards and a strong sense of responsibility. But even for them external pressures — from the clients who commission their work as well as from the competitive internal dynamics of their profession — can create powerful inducements to unethical behavior. That underlines the need for external structures and systems to support and encourage responsible practice in advertising and to discourage the irresponsible.

19. Voluntary ethical codes are one such source of support. These already exist in a number of places. Welcome as they are, though, they are only as effective as the willingness of advertisers to comply strictly with them. “It is up to the directors and managers of the media which carry advertising to make known to the public, to subscribe to and to apply the codes of professional ethics which already have been opportunely established so as to have the cooperation of the public in making these codes still better and in enforcing their observance.”

We emphasize the importance of public involvement. Representatives of the public should participate in the formulation, application and periodic updating of ethical codes. The public representatives should include ethicists and church people, as well as representatives of consumer groups. Individuals do well to organize themselves into such groups in order to protect their interests in relation to commercial interests.

20. Public authorities also have a role to play. On the one hand, government should not seek to control and dictate policy to the advertising industry, any more than to other sectors of the communications media. On the other hand, the regulation of advertising content and practice, already

existing in many places, can and should extend beyond banning false advertising, narrowly defined. "By promulgating laws and overseeing their application, public authorities should ensure that 'public morality and social progress are not gravely endangered' through misuse of the media."

For example, government regulations should address such questions as the quantity of advertising, especially in broadcast media, as well as the content of advertising directed at groups particularly vulnerable to exploitation, such as children and old people. Political advertising also seems an appropriate area for regulation: how much may be spent, how and from whom may money for advertising be raised, etc.

21. The media of news and information should make it a point to keep the public informed about the world of advertising. Considering advertising's social impact, it is appropriate that media regularly review and critique the performance of advertisers, just as they do other groups whose activities have a significant influence on society.
  22. Besides using media to evangelize, the Church for her part needs to grasp the full implications of the observation by Pope John Paul: that media comprise a central part of that great modern "Areopagus" where ideas are shared and attitudes and values are formed. This points to a "deeper reality" than simply using media to spread the Gospel message, important as that is. "It is also necessary to integrate that message into the 'New culture' created by modern communications" with its "new ways of communicating... new languages, new techniques and a new psychology."
- In light of this insight, it is important that media education be part of pastoral planning and a variety of pastoral and educational programs carried on by the Church, including Catholic schools. This includes education regarding the role of advertising in today's world and its relevance to the work of the Church. Such education should seek to prepare people to be informed and alert in their approach to advertising as to other forms of communication. As the Catechism of the Catholic Church points out, "the means of social communication. ... can give rise to a certain passivity among users, making them less than vigilant consumers of what is said or shown. Users should practice moderation and discipline in their approach to the mass media."
23. In the final analysis, however, where freedom of speech and communication exists, it is largely up to advertisers themselves to ensure ethically responsible practices in their profession. Besides avoiding abuses, advertisers should also undertake to repair the harm sometimes done by advertising, insofar as that is possible: for example, by publishing corrective notices, compensating injured parties, increasing the quantity of public service advertising, and the like. This question of 'reparations' is a matter of legitimate involvement not only by industry self-regulatory bodies and public interest groups, but also by public authorities.

Where unethical practices have become widespread and entrenched, conscientious advertisers may be called upon to make significant personal sacrifices to correct them. But people who want to do what is morally right must always be ready to suffer loss and personal injury rather than to do what is wrong. This is a duty for Christians, followers of Christ, certainly; but not only for them. "In this witness to the absoluteness of the moral good Christians are not alone: they are supported by the moral sense present in peoples and by the great religious and sapiential traditions of East and West."

We do not wish, and certainly we do not expect, to see advertising eliminated from the contemporary world. Advertising is an important element in today's society, especially in the functioning of a market economy, which is becoming more and more widespread.

Moreover, for the reasons and in the ways sketched here, we believe advertising can, and often does, play a constructive role in economic growth, in the exchange of information and ideas, and in the fostering of solidarity among individuals and groups. Yet it also can do, and often does, grave harm to individuals and to the common good.

In light of these reflections, therefore, we call upon advertising professionals and upon all those involved in the process of commissioning and disseminating advertising to eliminate its socially harmful aspects and observe high ethical standards in regard to truthfulness, human dignity and social responsibility. In this way, they will make a special and significant contribution to human progress and to the common good.

Lets see which ethical body controls ethics in this industry.

### Advertising Standards Council of India (ASCI)

In order to enforce an ethical code we in India now have the Advertising Standard Council of India: ASCI. It is a non-profit organization set up by 43 founder members who are involved with advertising in one way or the other. It is established in 1985. Its Board of Governors has members with equitable representation to advertisers, agencies, media and others. It puts forward a regulating code. ASCI proposes to adjudicate on whether an advertisement is offensive and its decision will be binding on its members. It proposes to deal with the government if there are any disputes. ASCI has completed 15 years of its existence.

### Codes

It is inspired by a similar code of the Advertising Standards Authority (ASA), U.K. It seeks to achieve the acceptance of fair advertising practices in the best interest of the ultimate consumer.

### Guidelines

1. To ensure the truthfulness and honesty of representations and claims made by advertisements and to safeguard against misleading advertising.
2. To ensure that advertisement are not offensive to generally accepted standards of public decency.



3. To safeguard against indiscriminate use of advertising for promotion of products, which are regarded as hazardous to society or to individuals to a degree, or of a type, which is unacceptable to society at large.
4. To ensure that advertisements observe fairness in competition so that the consumers need to be informed on choices in the market place and the canons of generally accepted competitive behavior in business are both served.

Lets see what are the modifications made by ASCI's  
ASCI has modified its code to take care of surrogate and foreign advertisements. To control indirect advertising, attention will be paid to whether the output of the advertised product and its distribution is reasonable, whether there are direct or indirect clues or cues, which suggest an ad of a prohibited product. The new code will extend to media originating abroad.

The definition of advertising has been changed from being 'any paid-for communication which in the normal course would be recognized as an advertisement by the general public even if it is carried free of charge for any reason.'

The changed definition will cover ads on packaging material. The new code directs the advertisers and the agencies to be ready to produce explicit permission from the person/firm/institution to which reference has been made in the advertisement. This will be a safeguard against misleading ads. An entire division on 'misleading claims' has also been added. Plagiarism, concerning ads predominantly viewed abroad, has been dealt with in the new code.

Notes

## LESSON 19 :

# ETHICS IN ADVERTISING, ADVERTISING STANDARD COUNCIL OF INDIA, CODE FOR COMMERCIAL ADVERTISING ON DOORDARSHAN, INDIAN ADVERTISING

## Objective

By the end of this session I expect you to be clear with the procedures of ASCI, then the consumer complain process, Code for Commercial Advertising on Doordarshan, the benefit of Advertising, Origin & Growth of Modern Advertising and Indian advertising.



In our last lesson we have discussed about ethics in advertising along with ASCI and guidelines.

Now let see the Procedures

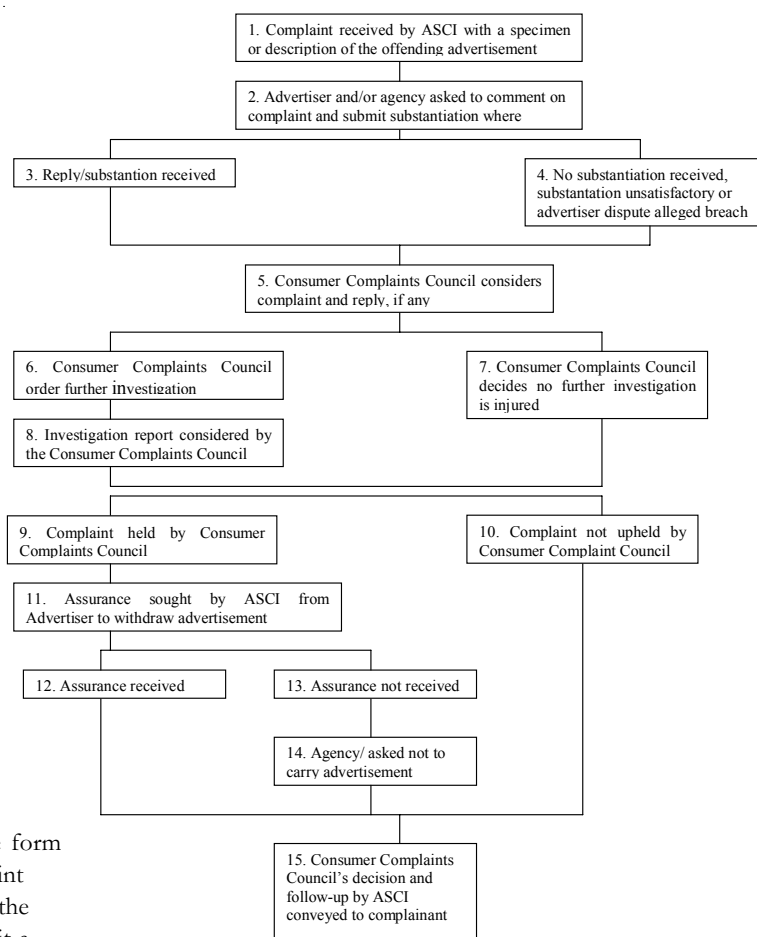
14-member sub-committee of ASCI consisting of people from various walks of life—medicine, law, media—hears a complaint from a member of the public, examines it in the light of the code, asks the advertiser or agency to comment and submit a substantiation. On upholding the complaint by ASCI, it asks the advertiser to withdraw the ad. The procedure takes two months. The committee of 14 members, which processes complaints is called consumer complaints council (CCC). It has 8 non-ad professionals who are eminent leaders in their respective fields.

## Comments

It does not have enforcement powers. It acts as only a moral pressure group. Its code is also not definitive about offensiveness etc. Its code will acquire teeth now that it proposes to publish cases of non-compliance by advertisers and agencies in mass media and the annual report of ASCI. It has 250 members out of which 120 are advertisers, 36 media, 72 ad agencies and 22 others. It lacks resources also. Its membership drive is on. The organization pre-empts a statutory regulatory body,

and so its survival is in the interest of the profession. ASCI gives the consumer a chance of complaint if he is being misled.

There is a process that is supposed to be followed for consumer complaint. Let's see which all steps are followed



## ASCI

David Thomas, P & G, at a recent seminar has suggested the following five steps to strengthen ASCI.

- There should be an impeccable image of advertising.
- What we need is a single clearly defined and well-published code.
- The decisions are to be taken quickly. By the time ASCI takes a decision, the ad has already achieved what it sought to achieve.
- ASCI should be strengthened financially.
- ASCI should have power to enforce decisions.

**Code for Commercial Advertising on Doordarshan**  
This code was presented to Parliament in mid-1987. It incorporates the Indecent Representation of Women Act and the Consumer Act, both of which were passed by parliament in 1986. It suggests 33 Do's and Don'ts for advertisers. Here are some of them:

Company	Product	Details
Symphony Comfort Systems	Kaizer Air Coolers	Discounted price but concealed that the cooler at discounted price had no humidity control system.
Buty Cosmetics	Fairever Fairness Cream	Saffron content to prevent melanin formation – this proposition was not substantiated.
Kaitan India	Marathon Fan	Maximum air delivery claim against extinguishing the candles under the fan test, which could not be substantiated.
Ace Hygiene Products	Alfa Water Purifiers	Leaflet contended boiling destroys vital salts and minerals. Not substantiated.
Weekender Kids	Children Wear	Cowboy shoots a board that falls on other children. Promotes violence.
Hindustan Lever	Sunsilk Fruitamins Shampoo	External use of vitamins – could it nourish hair? Claim not substantiated.
Novartis	Focus brand of disposable lens	These lenses cause no protein build up. But protein build up is natural biological phenomenon – it starts even when disposable lenses are put. The company could not prove otherwise.
Voltas	India's largest air-conditioning company	Carrier is perceived to be the largest.

Advertisements should conform to laws and should not offend against morality, decency and the religious susceptibilities of people.

The success of advertising depends on public confidence and no practice should be permitted which tends to impair this.

The Director-General shall be the sole judge of the Code

The following advertisements should not be permitted:

1. Ads, which deride any race, caste, colour, creed and nationality or are against the Directive Principles or the Constitution.
2. Ads, which tend to incite people to crime or cause order or adversely affect friendly relations with foreign states.
3. Ads, which exploit national emblem, any part of the constitution, or the person/personality of national leaders or state dignitaries.
4. No advertisement shall be presented as news.

5. Ads, which have any relation to religion, political or industrial dispute.

6. Ads, which promote chit funds, moneylenders, jewellery, fortune tellers, foreign goods, and private saving schemes.

7. Guaranteed goods will have to be made available to Director-General of Doordarshan for inspection if necessary.

8. No disparaging or derogatory remarks of other products or comparison with them should be made.

9. Ads, which portray women as passive or submissive.

10. Ads which are likely to startle viewers- such as gunfire, sirens, bombardments, screams, and raucous laughter.

Now let's see what is the benefit of Advertising to the Advertisers  
As we know that Advertising establishes a link between the manufacturer and the consumer. It is a form of mass communication.

- Through advertising, the advertiser reaches a vast number of consumers, and makes his product known to them.

- Advertising makes it possible for the manufacturer to introduce new ideas and new products. Had it not been for advertising, we would not have accepted many products.

- Advertising keeps the consumers well informed about the products and services – styles, features, sizes, colours, specifications, prices, availability, instructions for use etc.

- Advertising has an educative role to

play. It keeps the consumers conversant with the use of the products especially household appliances, capital goods etc.

- Advertising expands markets, builds up volumes, gives a market share and profitability, and reduces prices.
- Advertising makes product adoption process smooth. It sells corporate ethos and builds up corporate identity.

It is correct to say that advertising is a business as well as social process

Colley lists fifty-two possible objectives of advertising in his well-known book Defining Advertising Goals for Measured Results (DAGMAR). For a manufacturer, advertising conveys information to his customers, persuades his customer and reminds them about the product. Of course, how advertising performs depends on other marketing factors.

### Advertising Benefits the Consumers

Advertising has made its presence felt after the war years when buyers armed with the purchasing power had the capacity to buy not the will to buy. Advertising created that will and converted it into an effective demand.

Advertising became one of the essential ingredients of business – it was used to balance the production and consumption problem.

So firstly you have to understand the problem and then convey the solution to it. Like if your problem is dandruff. For that I have an anti-dandruff shampoo. And similarly if you have a problem of dry hair, and shampoo for dry hair is a solution. He is trying to choose an investment channel. There is fixed deposit, as well as unfixed deposit. There is a banking problem at night. So we have Electronic Banking Machines.

- Advertising guides the consumers in his product choices. It gives the information about the product, the benefits it offers, the availability and the price.
- Advertising is a philosopher also. It makes us aware of many socially relevant causes like dowry, energy conservation, loss prevention, social forestry etc. Advertising is thus a friend, philosopher and guide of the consumers.
- Advertising at times describes a product, at times narrates a story or an experience, and at times educates a consumer.
- It is a time saver for the consumers. It also gives the consumers promised performance, a promised quality. It gives cost benefits.
- It delivers a standard of living. It is a business worth several crores.
- It is a profession in which many are employed. It generates indirect employment by expanding the market.
- Advertising contributes to consumer welfare. It helps consumers in a variety of ways. It tells what to buy, how to buy, where to buy, and why to buy. It gives valuable price information. Some critics brand advertising as parasitical. They say you produce anything worthwhile, and it will sell (e.g., the world will beat a path to the better mouse-trap). No, this is not true. No one has now the time to be an explorer.

**Today, we all are influenced by advertising. Advertising does not force us to make particular choices. It persuades us to do so.**

### Advertising Through the Ages: Origin & Growth of Modern Advertising

Advertising, as we understand it today, was not used until about 200 years ago. The form of advertising for the transmission of information dates back to ancient Greece and Rome. Criers and signs were used to carry information for advertising goods and services well before the development of printing. Even during the middle Ages, advertising signs were very extensively used. These signs generally consisted of illustrations of symbols of the products advertised. The upsurge in advertising came after the development of printing. When printing techniques were perfected, and as this industry developed, the signs were replaced by written words or messages.

**During the 17<sup>th</sup> century**, when newspapers started appearing in various parts of the world, newspaper advertising began to develop. This was an important phase in the history of advertising. During this century, newspapers appeared throughout Europe; and advertisement in them were very different from those by illustrations and signs at the locations of mercantile establishments. The invention of printing revolutionized the advertising; but newspapers gave it the necessary medium for its very rapid growth. The first newspaper had a large number of ads. At the end of the 17<sup>th</sup> century, a great number of commercial newspapers were published in England and elsewhere. Earlier ads in the newspaper were for books, marriage offers, new selling came into existence. Around 1840, several people were selling space in newspapers in New York, Philadelphia and other metropolitan centers in countries where newspapers were brought out on a regular basis. Space – Brokers, who later on developed into ad agencies, came into existence in all these centers.

However, most early newspaper advertisements were in the form of announcements. Those early advertisers were mostly importers of products that were new to England. For example, the first ad offering coffee was made in a newspaper in England in 1652. Chocolates and tea were first introduced through newspaper ads in 1657 and 1658, respectively in England. This advertising was primarily “pioneering advertising” in its nature convince the reader about the advertised product’s superiority over other similar products. Printed advertising in newspapers and magazines was in general use towards the middle of the 18<sup>th</sup> century in England and America.

**Expansion:** In 19<sup>th</sup> century advertising marked a great expansion. In 1892, the first advertising agency sprang up in London (Reynell and Sons). In 1841, in the USA the first midiron-advertising agency was set up in Philadelphia (N.W. Ayer & Son). They offered not only space selling but many other services to clients.

Towards the end of the 19<sup>th</sup> century, creative advertisement developed. Painting came to be used in advertising

Students let's see how Modern Advertising has developed over the years.

**Although Americans are the forerunners of modern advertising, it had its roots in England.** The industrial Revolution led to the expansion of mass manufactured goods in Europe and America, making markets. The development altered the relationship between the maker and the user of goods, and create a markets. This development altered the relationship between the maker and the mechanization or mass production, and it is the advertising, which has provided this vehicle of communication. Other factors, such as the growth of newspapers and magazines, the advent of the radio and television, were equally significant in the growth of advertising in its present form. The development of theory advertising agency system was equally significant, for it has helped modern advertising to become an institution and a profession.

**By the end of the 1920's, advertising had grown into a major industry in the USA.** By then a majority of automobiles and packaged were advertised in a large scale. This led to



the expansion of the advertising agency business, where the talents of writers, artists, psychologists and marketing experts were combined to offer a range of services to advertisers.

**The Great Depression of 1930s**, followed by the war years had an adverse impact on the growth of advertising. However, during these tough years, advertisers looked for ways to make their ads more directives. Gimmicks were used to coax money from empty pockets. Contests, premiums, prizes and “double your money back” offers were extensively promoted. But, even so, the advertising volume towards the end of the war was still below the 1929 record level in the United States. It was in 1948 that the advertising volume crossed \$1 million level in America, which was higher than the level achieved in 1929 it was also at this time that the new medium of television became increasingly popular. During the next 5 to 7 years, it was considered to be an important advertising medium. During this period, advertising on the radio also declined. From this time onward, however, advertising mover looked back, not only in the United States and Western Europe, but in developing countries as well. It has scaled higher and higher peaks in terms of billing as well as its quality and its sophistication.

**Consolidation:** in the last century advertisement born to its full form. More emphasis was laid on advertisement copy. Art services and advertisement production became more and more important. Media selection was also considered equally important. By 1920, the agencies started planning campaigns. **In 1917, AAAA (American Association of Advertising Agencies) was fronded.**

In the early part of the century, advertising form underwent metamorphosis. **In 1914, ABC (Audit Bureau Circulation) was founded**

**After the First World War, advertisement got established. MR also came up on the scene.** Radio commercials in the USA became common. Advertisement films also became prominent.

After the Second World War, there was mass production. Advertising activity, therefore, increased.

TV also came later in this century as a powerful medium of advertising.

Know lets see how India Advertising has evolved over the years.

The foundations of professional advertising business in India was laid by two English companies jeweler Thompson and D.J.Keymer's JWT became HTA but now known as JWT only. At JWT F.J. Field on was the chief, who was assisted by Marc Robinson, Ayaz Paperboy and came the turn of Subhash Ghosal. D.J.Keymer closed down but due to its closure Clarion (Calcutta) and OBM (Bombay) flourished. Indians started Dattaram, National and JWT, Keymer's Stronach's; Grant's and Lintas were on the scene.

**In the mid-1960's**, Kersey Katrak took the center-stage and nurtured talents like Arun Nanda, Mohammed Khan and Ravi Gupta. MCM was, however, mismanaged and its bible burst, lyres too folded up operations. MCM and layer's merged, but then died a natural death; stomach closed down in the 60's. Grant's was swallowed up by Contract in the 70's Lint's: India

came in the scene in 1969 it had an India chief in 1957, Razni Ahmed. Bal Mundkar started Ulka meaning a meteor.

The collapse of MCM bought on the scene many new agencies. The agencies started professional zing and consolidation process in the seventies. With buoyant economy, the eighties were a period of a big takes off for the agencies.

In the 40's, the front pages of many newspapers carried ads, relegating the news to inside pages. Even Mahatma's assassina-tion was pushed to an inside page, by the Hindu in 1648 as its front page was replete with ad revenues spent were only Rs.5 core of which 70% was accounted for by the press. In the forties, India had only infrastructure industries, which hardly needed advertising. The manufacturing sector was still nascent. The fifties saw shortage of products, which had to be rationed. Advertising thus was just a drain on resources.

Venkatrao Sista founded in 1934 Sista's ad agency against this background. He made Khatau, an industrialist its chairman; and changed the name of the agency calling it Ad Arts. Khatau's name lent respectability to the firm, and the company could attract business from the ACC and the Tatas in the forties.

Around late twenties, the foreign agencies had started doing business in India –JWT was set up in 1926 and O & M in 1928. D.J. Keymer of those days has become O & M of today. In the thirties, lever set up an advertising department, which later became Lever International Advertising Service (shortened as LINTAS) in 1939. Other foreign agencies were D.J. Keymer, L.A. Stomach's and Grant Advertising.

India agencies also tried to carve out a place for themselves – ASP (Advertising and Sales Promotion) promoted by the Birlas, the PSL (Process Syndicate Ltd.) by the Mahindras and Shilpi by the Sarabhais.

**ASP created the first as for Amul butter with the ever so popular tag line 'Utterly Butterly Delicious.'**



The ad which is given above is not the same ad but based on the same concept utterly butterly delicious.

There were smaller agencies like the Dttaram's, Eversest and Allied Advertising. India in its post-independence period has adopted the socialist model and so advertising was supposed to encourage wasteful consumer expenditure. The growth of advertising industry was thus stunted. At the inauguration of an advertising conference in New Delhi in 1962, Nehru denounced advertising as it encouraged consumption.

The public sector undertakings ironically were big advertisers. Most of the private sector ads were corporate ads. Formerly agencies were just buying media space. But Lintas launched Dalda in 1939 with a well-planned campaign. A film made by Duncan shows a bride's father substituting pure ghee for dalda on economic grounds, without compromising on the taste. Cartoon strips of children brought up on Dalda showed their

heroic deeds in print media like chandamama and Parag. In the mid -fifties agencies which specialized on ads of imported goods were affected.

K.J.Keymer, Calcutta closed shop as Dunlop, its main account, came under price control. The employees then formed Clarion. India advertisers played a role in import substitution by planning suitable campaigns e.g. DTA explained shortage of Horlicks so far imported in an as campaign.

FERA stopped patronizing of agencies having foreign equity by the Government undertakings in 1965. Radio services were commercialized. **Lintas started accepting accounts other than Lever e.g. its campaign for Liril Soap for Lever was not acceptable to the Lever team since it made bathing such a fantasy with a bikini-clad model under a waterfall it was difficult to imagine that India's conservative society would accept such imagery.**

It was in the sixties and early seventies that the concept of brand building appeared on the scene. Amul and Made for Each Other campaigns are remarkable. Now agencies set shop in the seventies e.g. Rediffusion, Trikaya Grey, Chitra and R.K. Swamy. Mudra started as an in house agency of Reliance in 1980, but has now become a top ranking agency handling all king ads of accounts. Media planning became systematic after the NRSI in 1975. In 1977, DD became. Commercial and this brought about a qualitative change in India advertising.

Computer technology has chanced the making of act work, which can now be made in a matter of hours.

Formerly, campaigns were attributed to creator. These days even successful campaigns are not so clearly identified with their creators. A lot of glamour has gone out of the job. **The client agency relationship is also undergoing a change.**

Over the years. Indian advertising has had many changing faces. **The pre independence ads were mostly about ladies 'goods, gents' clothes, traveling, eating places and entertainment** for the British in India. Motorcars, electricity and lift in houses were luxuries in those years. The Maharajas and princely families were the prized customers. These early ads were for hotels. Four-wheelers, tea, gramophones, cotton goods, tailoring shops, and their target audience were the Britishers in India, the princely families and the rich strata of society. It is only after independence and the abolition of the princely order that a newborn middle class received the attention of advertiser.

**Since the new clientele has a different socio economic background, post-Independence advertisements** shifted from prestigious and luxury products mainly bought by status conscious people to consumer and consumer durable products bought mainly for time and labor saving purposes. The middle class people are mostly employed in offices, factories or are engaged in trading activities. They all work against the hands of the clock and do not have much spare time. Often, husband and wife both go on work, and, therefore for them, such products as refrigerators, kitchenware, frozen foods or ready-mixes for eatables, etc. have become essential. Hence the large number of advertisements for such items. Ready-made garments, items for indoor amusement, convenience goods, and new fashion products have created their own demand. That

is why there was a virtual deluge of advertisements for such goods in the decades that followed independence.

**Lets just focus on Indian Advertising**

In March 1980, the silver jubilee of the Advertising Club of Bombay was celebrated. An audio visual review workshop was arranged on 25 years of Indian advertising; and the dominant feeling at that time was one of self-congratulation with a certain amount of introspection. Indian advertising has grown to its maturity and become very professional. We have advertising clubs in each of the 'major metropolitan cities and have as many as about five hundred advertising agencies with are wooing for large accounts with each other. The Advertising Club of Bombay is the Mecca of Indian advertising, contributing about 60 per cent of the total billing of the advertising industry.

In India we have professional bodies, representing the three parties concerned with advertising, the advertiser, the advertising agency, and the media of advertising.

**The ISA - The Indian' Society of Advertisers** - is the sole representative body of advertisers. The AAAI - the Advertising Agencies Association of India - represents agencies in the industry which undertake advertising on behalf of advertisers. The INS - the Indian Newspapers Society - is the organization of newspapers, magazines and other publications. Similarly, broadcasting companies have organized under the banner of the Indian Broadcasting Society (IBS).

Today, the gross billing of the advertising business has increased from Rs. 10 crores in 1955 to about Rs. 160 crores in 1978 to about Rs. 8,000 crores in 2,000. This was possible because of the phenomenal growth of such media as television, radio and cinema, in addition to the large number of new products introduced as a result of the industrialization and economic development of the country. Newspapers and magazines alone registered an impressive increase during the last ten years. Internet has emerged as a medium of the new millennium.

Advertising in India has played a vital role in the development process by creating a demand for consumer goods and raising the living standards of millions. It is not irrelevant or luxury-oriented, as it has been made out to be. A substantial amount of advertising expenses are utilised on advertisements of capital goods, intermediaries, consumer durables and services, most of which promote investment, production and employment. Further, advertising has a definite role to play in rural development; and. Indian advertising has made some progress in this direction as well. In this connection, the advertisement films of Hindustan Lever on cattle feed are noteworthy. Many other consumer goods manufacturers have successfully reached rural markets through appropriate advertising.

Indian advertising has no doubt registered a rapid growth and has acquired a certain amount of professional character. But, by and large, it still appears to be in shambles, unable to attract the best managerial talent, apart from being administratively weak and unable to devise a self-regulatory mechanism, which is necessary if it is to register professional growth and play a useful role in the socio-economic development of the country.

Indian advertising has yet to shed its elitist urban image and

open up the vast rural market which, in per capita terms, may be poor but which in the aggregate, is an important market segment {70 to 80 per cent of the Indian population resides in villages) to which advertising has not yet spread to the desired extent. Besides this, it has a great role to play in assisting in the eradication of poverty, for 46 per cent of, our population lives below the poverty line; in communicating the availability of goods, services and opportunities; and in contributing to improvements in living standards.

**The future of Indian advertising is bright, provided that those in the profession** acknowledge the social responsibility of advertising and conduct themselves in such a way as to be seen as an important part of the economic development effort of the country.

India's cultural diversity poses a huge communication challenge, but this should not be used as an excuse to play to the gallery.

Let us see what Ghosal, the former Chief Executive of HTA has to say about Indian advertising:

"Advertising, is absolutely essential. Unless a product sells, the investment made in the project is rendered in fructuous. But the trouble with Indian advertising is that it is not rooted in our ethos. It is westernized, partly because most of our advertisings aimed at the urban consumer. But there should be a mix, so that advertising can sell products and yet retain the Indian flavour."

Ghosal believes that advertising has improved tremendously over the last four decades in terms of technical excellence, particularly graphics and copy, but has not made much progress in terms of relating to the consumer. Good advertising is advertising that sells. Unfortunately most of our advertisements are made with a view to impressing peers rather than the consumer.

We still have to go a long way in having television audience research. Now we rely upon solely the television rating points (TRPs) and audience research conducted by the DD.

There are specialized advertising agencies like Pressman Advertising and Marketing. It controls around 75 p.c. of the total financial advertising in the country. There are *casting agencies* who help the aspirants getting roles in films, or on TV or modeling assignments.

All this shows a growing professionalisation of Indian advertising.

Mani Shankar Iyer has also won laurels for his unique campaign on cancer prevention.

## Advertising in India

Stage	Time Period	Happing
First	1900-1947	Advertising of products originated abroad. Indian production minimal. In the first 50 years of last century, economic growth was negligible. Agriculture grew at an average annual rate of 0.01 per cent between 1900-1947.  In 1939, investment in industry stood at Rs.450 crore. The foreign investment was Rs. 350 crore. Most indigenous products were commodities, requiring no advertising
Second	1947-1977	India started on the path of self-reliance, and by 1977 she become more or less self-reliant. press Commission of 1953. At this point, volume of advertising in terms of print media was not more than Rs. 3.5 crore. The total spend was Rs.5 crore. The most visible ad agencies were JWT, Lintas and Grand. By 1977, India became a nation with the 3 <sup>rd</sup> largest pool of technical manpower. There was not any gear advertising, which can flourish provided that there is mass consumerism.
	1977-2000	Second Press Commission, 1983. At this point, ad revenues touched Rs. 200 crore.  During these three decades, the increase in revenues was phenomenal, almost 40 times. But in terms of volume and space, the increase was only 90 per cent. 1983 was a landmark year because TV came in, changing the India lives completely. Within a year, it changed lifestyles. Illiteracy was no bar for its reach. It reached nearly 70 p.c. of the India people. TV demonstrated the product very well and took weary the language barriers

### India

- The regulations are undergoing constant change.
- All television commercials must be approved by Doordarshan Controller of Sales. Advisable to forward a storyboard before production.

Beverages / Alcohol	Not permitted. Print and outdoor do allow indirect advertising. Satellite television accepts alcohol directly.
Cigarettes	Not permitted on air media - including satellite.
Pharmaceuticals / Drugs	Cure, illness, diagnosis and treatment by correspondence, college, clinic, institute, laboratories plus many more have very specific rules.
Advertising to Children	Restriction of direction/attitude are placed on children's commercials.
Other	No infant food advertising is acceptable. Overseas commercials are accepted. No language restrictions exist.

The Advertising Standards Council of India (ASCI) has formulated a code for the advertising of tobacco products, which will be implemented from October 1. It covers all media from television to print to outdoor to new electronic media including the Internet, e-mail, pagers and CD-Roms.

Just for knowledge sake:

### India Cable Ordinance

(Promulgated on 29th September 1994)

#### Main Features

1. No person shall operate a cable television network unless he is registered as a cable operator.
2. No person shall transmit or re-transmit through a cable service any program or advertisement unless such program or advertisements is in conformity with the prescribed program and advertisement code. However this will not be applicable to foreign satellite channels which can be received without the use of any specialised gadgets or decoders.
3. Every cable operator using a dish antenna or television receiver only shall re-transmit at least two Doordarshan satellite channels of his choice through the cable service. The Doordarshan channels shall be retransmitted without any deletion or alteration of any program transmitted on such channels.
4. Within three years of the establishment and publication of the Indian Standard by the Bureau of Indian Standards all operations will use only such equipment which conforms to the Indian Standards.

5. Every cable operator shall ensure that the cable TV network being operated by him does not interfere in any way, with the functioning of the authorised telecommunication systems.
6. Any program which is likely to create hatred or ill-will between different religions, racial, linguistic regional or castes or communities or is prejudicial in maintaining harmony among such groups or which is likely to disturb the public tranquillity could be prohibited by the State or Central Government.
7. The operation of cable TV network in any area can be banned by the Central Government.
8. Each cable operator shall maintain a register for each month in the prescribed form indicating the channels/ programs relayed.

#### Program Code

No program shall be carried in the cable service which:

- a. Offends against good taste or decency;
- b. Contains criticism of friendly countries;
- c. Contains attack on religions or communities or visuals or words contemptuous of religious groups or which promote communal attitudes;
- d. Contains anything obscene, defamatory, deliberate false and suggestive innuendoes and half truths;
- e. Is likely to encourage or indicate violence or contain anything amounting to contempt of court;
- f. Contains aspirations against the integrity of the President and the judiciary
- g. Contains anything affecting the integrity of the Nation;
- h. Contains anything affecting the integrity of the Nation;

#### Advertising Code

1. Advertising carried in the cable service shall be so designed as to conform to the laws of the country and should not offend morality, decency and religious susceptibilities of the subscribers
2. No advertisements shall be permitted which:
  - i. derides any race, caste, colour, creed or nationality;
  - ii. is against any provision of the Constitution of India;
  - iii. tends to incite people to crime, cause disorder or violence, or breach of law or glorifies violence or obscenity in any way;
  - iv. presents criminality as desirable;
  - v. exploits the national emblem, or any part of the Constitution or the person or personality of a national leader or a State dignitary.
  - vi. in its depiction of women violates the Constitutional guarantees to all citizens. In particular no advertisement shall be permitted which projects a derogatory image of women. Women must not be portrayed in a manner that emphasises passive, submissive qualities and encourages them to play a subordinate, secondary role in the family and society. The cable operator shall ensure that the portrayal of the female form in the programs carried in his cable service, is tasteful and aesthetic, and is within established norms of good taste and decency.



- vi. exploits social evils like dowry, child marriage.
3. No advertisement shall be permitted the objects whereof are wholly or mainly of a religious or political nature; advertisements must not be directed towards any religious or political end.
4. The goods or service advertised shall not suffer from any defect or deficiency as mentioned in Consumer Protection Act. 1986.
5. No advertisement shall contain references which are likely to lead the public to infer that the product advertised or any of its ingredients has some special or miraculous or super-natural property or quality, which is difficult of being proved.
6. The picture and the audible matter of the advertisement shall not be excessively 'loud'.
7. No advertisement which endangers the safety of children or creates in them any interest in unhealthy practices or shows them begging or in an undignified or indecent manner shall not be carried in the cable service.
8. Indecent, vulgar, suggestive, repulsive or offensive themes or treatment shall be avoided in all advertisements.
9. No advertisements which violates the standards or practice for advertising agencies as approved by the Advertising Agencies Association of India, Bombay, from time to time shall be carried in the cable service.
10. All advertisements should be clearly distinguishable from the program and should not interfere with the program viz, use of lower part of screen to carry captions, static or moving alongside the program.

## Code for Commercial Advertising

### Over All India Radio

Definition:- In this Code, unless the context otherwise requires:-

Government means Government of India.

'Director General' means the Director General, All India Radio, or any officer duly authorised by him on his behalf.

'Advertiser' means any individual or organization including a commercial concern, which has offered an advertisement for broadcast over the radio.

'Advertising Agency' means any organization, which is accredited to, registered with AIR a such.

'Advertisement' includes any item of publicity for goods or services inserted in the programmes broadcast by the competent authority in consideration of payment to All India Radio.

Spot Advertisement means any direct advertisement mentioning product/service, their merit and other related details.

The term "Sponsored Programme" means any programme material which is planned, produced and or paid for by an organisation or individual, including a commercial concern to be called "the Sponsor" for the purpose of being broadcast over the Radio.

### Scope

The Director General, All India Radio, shall be the sole judge of the suitability or otherwise of an advertisement or a sponsored

programme for broadcast his decision in this regard shall be final.

Broadcast time shall be sold to the Advertiser / Advertising Agencies at the sole discretion of the Director General, All India Radio, according to the prescribed rates.

The Advertisement must be clearly distinguishable from the programme.

A Sponsored programme shall constitute a substantive broadcast / programme, as distinct from material which directly advertise any specific wares or goods / products / services. The name of the sponsor shall be broadcast immediately before and after the sponsored programme.

The Sponsor shall, however, undertake to indemnify All India Radio against any legal claim that may be brought against it as a result of the broadcast of a Sponsored Programme or any portion thereof.

### I – Introduction

Advertising is an important and legitimate means for the seller to awaken interest in his goods and services. The success of advertising depends on public confidence; hence no practice should be permitted which tends to impair this confidence. The standards laid down here should be taken as minimum standards of acceptability, which would be liable to be reviewed from time to time in relation to the prevailing norm of listener's susceptibilities.

The following standards of conduct are laid down in order to develop and promote healthy advertising practices in All India Radio. Responsibility for the observance of these rules rests equally upon the Advertiser and the Advertising Agency.

All those engaged in advertising are strongly recommended to familiarize themselves with the legislation affecting advertising in this country, particularly the following Acts and the Rules framed under them:-

- Drugs and Cosmetics Act, 1940.
- Drugs Control Act, 1950.
- Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954.
- Copyright Act, 1957.
- Trade and Merchandise Marks Act, 1958.
- Prevention of Food Adulteration Act, 1954.
- Pharmacy Act, 1948.
- Prize Competition Act, 1955.
- Emblems and Names (Prevention of Improper Use) Act, 1950.
- Consumer Protection Act, 1986.
- Indecent Representation of women (Prohibition) Act, 1986.
- AIR / Doordarshan Code.

Code of Ethics for advertisement in India issued by the Advertising Council of India (see Annexure-I)

Code of standards in relation to the advertising of medicines and treatments (see Annexure-II)

Standards of practice for Advertising Agencies (see Annexure-III)

(The list is illustrative and not exhaustive).

## The Code

### II – General Rules of Conduct in Advertising

Advertising shall be designed as to confirm to the laws of the country and should not offend against morality, decency and religious susceptibilities of the people.

No advertisement shall be permitted which:

- Derides any race, caste, color, creed and nationality; is against any of the directive principles, or any other provision of the Constitution of India;
- Tends to incite people to crime, cause disorder or violence, or breach of law or glorifies violence or obscenity in any way;
- Presents criminality as desirable;
- Adversely affects friendly relations with foreign States;
- Exploits the national emblem, or any part of the constitution or the person or personality of a national leader or State Dignitary;
- Relates to or promotes cigarettes and tobacco products, liquor, wines and other intoxicants;
- No advertisements message shall in any way be presented as News.
- No advertisements shall be permitted the objects whereof are wholly or mainly of a religious or political natures; advertisement must not be directed towards any religious or political end or have relation to any industrial dispute.

Advertisements for services concerned with the following shall not be accepted:-

- Money lenders;
- Chit funds;
- Saving schemes and lotteries other than those conducted by Central and State Government organisations, nationalised or recognised banks and public sector undertakings;
- Matrimonial agencies;
- Unlicensed employment services;
- Fortune tellers or sooth-sayers etc. and those with claims of hypnotism;
- Foreign goods and foreign banks.
- Betting tips and guide books etc. relating to horse-racing or the other games of chance.
- The items advertised shall not suffer from any defect or deficiency as mentioned in Consumer Protection Act 1986.
- No advertisement shall contain reference which are likely to lead the public to infer that the product advertised or any advertised or any of its ingredients has some special or miraculous or super-natural property or quality, which is difficult of being proved, e.g. cure for baldness, skin whitener, etc.

No advertisement shall contain the words 'Guarantee' or 'Guaranteed' etc., unless the full terms of the guarantee are available for inspection by the Directorate General, All India Radio, are clearly set out in the advertisement and are made available to the purchaser in the writing at the point of sale or

with the goods; in all cases, terms must include details of the remedial action available to the purchaser. No advertisement shall contain a direct or implied reference to any guarantee, which purports to take away or diminish the legal rights of the purchaser.

Advertisers or the agents must be prepared to produce evidence to substantiate any claims or illustrations. The Director General reserves the right to ask for such proofs and get them examined to his full satisfaction. In case of goods covered by mandatory quality control orders, the advertiser shall produce quality certificate from the institutions recognized by the Government for this purpose.

Advertisements shall not contain disparaging or derogatory references to another product or service.

Testimonials must be genuine and used in a manner not to mislead the listeners. Advertisers or Advertising Agencies must be prepared to produce evidence in support of their claims.

No advertisement of any kind of jewellery (except artificial jewellery) or precious stones shall be accepted.

Information to consumers on matters of weight, quality or prices of products where given shall be accurate.

Advertisements indicating price comparisons or reductions must comply with relevant laws.

No advertisement shall be accepted which violates AIR Broadcast Code which is reproduced below: -

### General Air Code

- Criticism of friendly countries.
- Attack of religious or communities.
- Anything obscene or defamatory;
- Incitement to violence or anything against maintenance of law and order;
- Anything amounting to contempt of court;
- Aspersions against the integrity of the President and Judiciary;

“Note: Advertisements concerning jewellery, foreign goods and foreign banks, besides those related to Indian Equity / Debenture issued for NRIs will, however, be accepted as far as the external services of All India Radio are concerned.”

Anything affecting the integrity of the Nation and criticism by name of any person.

Any such effects which might startle the listening public must not be incorporated in advertisements. For example, and without limiting the scope, the use of the following sound effects will not be permitted:

Rapid gunfire or rifle shots;

Sirens;

Bombardments;

Screams;

Raucous laughter and the like.

Any pretence in advertising copy must be avoided and such copy shall not be accepted by All India Radio. The 'simulation' of voices of a personality in connection with advertisements for commercial products is also prohibited unless bonafide evidence is available that such personality has given permission

for the simulation and it is clearly understood that station broadcasting such announcements are indemnified by the advertiser or advertising agency against any possible legal action.

#### Advertising and Children

No advertising for a product or service shall be accepted if it suggests in any way that unless the children themselves buy or encourage other people to buy the products or services, they will be failing in their duty or lacking in loyalty to any person or organization.

No advertisement shall be accepted which leads children to believe that if they do not own or use the product advertised they will be inferior in some way to other children or that they are liable to the condemned or ridiculed for not owning or using it.

No advertisement likely to bring advertising into contempt or disrepute shall be permitted. Advertising shall not take advantage of the superstition or ignorance of the general public.

No advertising of talismans, charms and character reading from photographs or such other matter as well as those, which trade on superstition of general public, shall be permitted.

Advertising shall be truthful, avoid distorting facts and misleading the public by means of implications by false statements, as to :

- The character of the merchandise, i.e. its utility, materials, ingredients, origin etc.
- The price of the merchandise, its value, its suitability or terms of purchase.
- The services accompanying purchase, including delivery, exchange, return, repair, upkeep etc.
- Personal recommendations of the article or service.

the quality or the value of competing goods or trustworthiness of statement made by others.

Testimonials of any kind from experts etc. other than Government recognised standardisation agencies shall not be permitted.

No advertisement shall be permitted to contain any claim so exaggerated as to lead inevitably to disappointment in the minds of the public.

Methods of advertising designed to create confusion in the mind of the consumer as between goods by one maker and another maker are unfair and shall not be used. **Such methods may consist in:**

The imitation of the trademark of the name of competition or packaging or labeling of goods; or

The imitation of advertising devices, copy, layout or slogans.

Indecent, vulgar, suggestive, repulsive or offensive themes or treatment shall be avoided in all advertisements. This also supplies to such advertisements which themselves are not objectionable as defined above, but which advertise objectionable books, photographs or other matter and thereby lead to their sale and circulation.

No advertisement in respect of medicines and treatments shall be accepted which is in contravention of the code relating to standards of advertising medicines and treatments as per Annexure II.

**Note I:** In all other respect, the Director General will be guided for purposes of commercial broadcasting in All India Radio by Code of Ethics for Advertising in India as modified from time to time (relevant excerpts appended at Annexure-I).

**Note II:** Notwithstanding anything contained herein, this code is subject to such modification/ directions as may be made / issued by the Director General from time to time.

**Note III:** All advertising agencies shall adhere to the standards of practice as prescribed by Advertising Agencies Association of India, Bombay, as given in Annexure III.

#### Procedure for the Enforcement of the Code

Complaints or reports on contraventions of the code, received by All India Radio may in the first instant be referred by Director General to Advertiser's Association concerned with request for suitable action.

If complaints under the Code cannot be satisfactorily resolved at Association-(s)'s level, they shall be reported to Director General who will then consider suitable action.

For ant Complaints under the Code received by All India Radio concerning a party outside the preview of various member Association(s), the Director General will draw attention of such party to the complaint and where necessary, take suitable action on his own.

#### Annexure I

Excerpts from the Code of Ethics for Advertising in India Issued by the Advertising Council of India.

##### Introduction

Along with the development of a very complex distribution system, the requirements of a market economy, faced with the need for ensuring a regular flow of mass production, have given rise to the development of new techniques of sales promotion.

Of these, advertising has proved itself to be of inestimable value for producers and distributors as well as for consumers. It enables the former to maintain contact with customers who are widely scattered and often unknown, and it assist the latter in choosing those goods and services that are the best suited to their particular requirements.

Advertising has become an important social and economic force in the world today. It is therefore, essential that any unfair advertising practice likely to alienate public confidence would be eliminated. Hence the need for rules of conduct drawn up for the purpose of preventing possible abuse and of promoting and increasing sense of responsibility towards the consumer on the part of the advertisers, advertising agencies and media owners and suppliers.

Recognising that the legitimate function of advertising is the advocacy of the merits of particular products or services, this code is intended to be applied in the spirits as well as in the letter and should be taken to set out the minimum standards to be observed by the parties concerned. This code does override all ethical standards in advertising laid down by individual organisations, but it does not supersede the standards of practice laid down by individual organisations as incumbent upon their own members and applying to their own particular trade or industry.

## Annexure II

### Code of Standards in Relation to the Advertising of Medicines and Treatment

This code has been drafted for the guidance of advertisers, manufacturers, distributors, advertising agents, publishers and suppliers or various advertising media. The harm to the individual that may result from exaggerated, misleading or unguaranteed claims justified the adoption of a very high standard and the inclusion of considerable detail in a Code to guide those who are concerned with this form of advertising.

Newspaper and other advertising media are urged not to accept advertisements in respect of any other product or treatment from any advertiser or advertising or publicity relating to that product or treatment. The provisions of this Code do not apply to an advertisement published by or under the authority of a Government, Ministry or Department, nor to an advertisement published in journals circulated to Registered Medical Practitioners, Registered Dentists, Registered Pharmacists or Registered Nurses.

### Section I

#### General Principles

**Cure:** No advertisement should contain a claim to cure any ailment or symptoms of ill-health, nor should any advertisement contain a word or expression used in such a form or context as to mean in the positive sense the extirpation of any ailment, illness or disease.

**Illness etc., properly requiring medical attention :** No advertisement should contain any matter which can be regarded as offer of medicine or product for, or advise relating to, treatment of serious diseases, complaints, conditions, indications or symptoms which should rightly receive the attention of a Registered medical practitioner (see Sec.2).

**Misleading or Exaggerated Claim :** No advertisement should contain any matter which directly or by implication misleads or departs from the truth as to the composition, character or action of the medicine or treatment advertised or as to its suitability for the purpose for which it is recommended.

**Appeals to fear:** No advertisement should be calculated to induce fear on the part of the reader that he is suffering, or may without treatment suffer from an ailment, illness or disease.

**Diagnosis or treatment by correspondence:** No advertisement should offer to diagnose by correspondence diseases, conditions or any symptoms of ill-health in a human being or request from any person or a statement of his or any other person's symptoms of ill-health with a view to advertising as to or providing for treatment of such conditions of ill-health by correspondence. Nor should any advertisement offer to treat by correspondence any ailment, illness, disease or symptoms thereof in a human being.

**Disparaging references:** No advertisement should directly or by implication disparage the products, medicines or treatments of another advertiser or manufacturer or registered medical practitioner or the medical profession.

**College, clinic, institute, laboratory :** No advertisement should contain these or similar terms unless an establishment

corresponding with the description used does in fact exist.

**Doctors, hospitals etc.:** No advertisement should contain any reference to doctors or hospitals, whether Indian or foreign, unless such reference can be sustained by independent evidence and can properly be used in the manner proposed.

**Products offered particularly to women:** No advertisement of products, medicines or treatments of disorders or irregularities peculiar to women should contain expression which may imply that the product, medicine or treatment advertised can be effective in inducing miscarriage.

**Family Planning:** Advertisements for measures or apparatus concerning family planning would be permissible in so far as they conform to the generally accepted national policy in this behalf.

**Illustrations:** No advertisement should contain any illustration which by itself or in combination with words used in connection therewith is likely to convey a misleading impression, or if the reasonable reference to be drawn from such advertisement infringes any of the provisions of the Code.

**Exaggerated copy:** No advertisement should contain copy which is exaggerated by reason of improper use of words, phrases or methods of presentation e.g., the use of word's magic, magical, miracle, miraculous.

**Natural remedies:** No advertisement should claim or suggest contrary to the fact, that the article advertised is in the form in which it occurs in nature or that its value lies in its being a natural product.

**Special claim:** No advertisement should contain any reference which is calculated to lead the public to assume that the article, product, medicine or treatment advertised has some special property or quality which is in fact unknown or unrecognised.

**Sexual weakness, premature aging, loss or virility:** No advertisement should claim that the product, medicine or treatment advertised will promote sexual virility or be effective in treating sexual weakness or habits associated with sexual excess or indulgence or any ailment, illness or disease associated with those habits. In particular such terms as 'Premature aging', 'loss of virility' will be regarded as conditions for which medicines, products, appliances or treatment may not be advertised.

**Slimming, weight reduction or limitation or figure control:** No advertisement should offer any medical product for the purpose of slimming, weight reduction or limitation or figure control. Medical products intended to reduce appetite will usually be regarded as being for slimming purposes.

**Tonics :** The use of this expression in advertisements should not imply that the product or medicine can be used in the treatment of sexual weakness.

**Hypnosis :** No advertisement should contain any offer to diagnose or treat complaints or conditions by hypnosis.

**Materials to students :** Materials meant for distribution in educational institutions must not carry advertisement of anything other than those of value to students.



## Section 2

### Restrictions imposed by statute on Advertising on Medicines and Treatments

Rule 106 of the Drug rules, 1945, provides that, no drug may convey to the intending user thereof any idea that it may prevent or cure one or more of the diseases or ailments specified in schedule 'J'.

#### Schedule 'J'.

Blindness, Bright's disease, Cancer, Cataract, Deafness, Delayed Menstruation, Diabetes, Epilepsy, Hydrocele, Infantile Paralysis, Leprosy, Leucoderma, Lockjaw, Locomotor Ataxia, Insanity, Tuberculosis, Tumors, Venereal Diseases(in general), Female diseases (in general), Fevers (in general), Fits, Galucoma, Goitre, Gonorrhea, Soft Cancer, Heart Diseased, High Blood Pressure, Lupus, Obesity, Paralysis, Plague, Rupture, Sexual impotence, Small Pox.

No drug may purport or claim to procure or assist to procure or may convey to the intending user thereof any idea that it may procure or assist to procure miscarriage in women.

#### Definition

'Drug' includes for internal or external use for human being or animals all substances intended to be used for or in the treatment, mitigation, or prevention of disease in human being or animals, other than medicines and substances exclusively used or prepared for use in accordance with the Ayurvedic or Unani system of medicines.

## Annexure III

### Standards of Practice for Advertising Agencies

(As approved by the Advertising Agencies Association of India,Bombay);

Every member of the Association shall carry on his profession and business in such a manner as to uphold the dignity and interests of the Association.

Every member shall refrain from canvassing Advertisers or prospective Advertisers in such a way as to reflect detrimentally upon Advertising Agents as a whole or this Association or any Advertising Agent in particular.

Canvassing is permitted to the condition that a member may make known to the client of another member its own capabilities as an Advertising Agency but may not submit a specific report or detailed recommendation concerning the clients' advertising unless so requested by him in writing.

No members shall pay or undertake to pay or allow to an advertiser or his agent or representative the whole or any portion of the standard rate of commission resulting or to result to such to such member from any advertising medium nor promise or procedure or undertake to procure advertising space of facilities free of charge , to any advertising ,or at a reduced rate nor supply free or party free to any advertiser, any advertising material, including finished drawings , or other art work, photographs, blocks stereos matrices or the like ,type setting or printing nor defray in whole or in part the salary of any employee of an advertise nor grant any allowances, discount or the like nor render any service having the effect of rebating the commission allowed by an advertising medium. The

sharing of commission with member or overseas agency or with agent by this Association shall, however be permitted.

The practice of submitting speculative campaigns is unhealthy to the growth of the advertising services and no speculative campaign shall be submitted by any member of the Advertising Agencies Association of India.

By speculative campaign, it is meant, producing a campaign unsolicited by an advertiser and equally producing a campaign where the advertiser had requested one or more advertising agencies to do so, unaccompanied by a firm offer of business. That members shall notify the Secretary of the Association if any such queries were made by prospective advertiser, and that such information shall be circulated by the Secretary to all member

Any member relinquishing an Account on the ground of slow payment, doubtful credit or incurring a bad debt, shall immediately notify the Secretary of the Association and such information shall be circulated in strictest confidence for information and protection of the members.

No business shall be accepted which is conditional upon the payment of commission free or reward to a third party not a full time employee of the members either for introducing the business or for services in connection with the account thereafter. This rule, however, shall not preclude a member from employing copywriters or production men at fees commensurate with the value of their work.

#### Obligation to Client

Member Agencies must continue to render full Agency Service in reasonable conformity to the Association Agency Service Standards.

Member shall retain either commission granted by media owners or charge the clients a service fee which shall never be less then 15% of the Client's gross expenditure.

Nor shall they supply material for advertising an any basis that can be considered as direct or indirect or secret, rebating. Where no commission is allowed by the Media Owner, the member will charge his clients minimum of 15% on the gross cost.

Member will not accept discount or commission , other than the regular agency commission allowed by the publishers without the client's knowledge and consent.

Member shall at all time use their best efforts to obtain for their clients the lowest rates to which such clients are entitled.

#### Obligation to Suppliers

Member shall take all steps to assure themselves as to the financial soundness of their clients.

#### Obligations to Fellow Agencies

Members are required to use fair methods of competition; not to offer the services enumerated above or services in addition to them without adequate remuneration or extension of credit facilities or banking services.

Members shall neither prepare nor place any advertisement in any medium, which is knowingly a copy or a plagiarism of any other advertisement of any king whatsoever;

Makes attacks of a personal character, or makes uncalled for reflections on competitors or competitive goods;

is indecent, vulgar, suggestive, repulsive or offensive either in theme or treatment;

is objectionable medical advertising and an offer of free medical treatment, advertising that makes remedial or curative claims, either directly or by interference not justified by the facts of common experience;

Concerns a product known to the member to contain habit forming or danger drugs; or any advertisement which may cause money loss to the reader, or injury in health or morals or loss of confidence in reputable advertising and honourable business or which is regarded by the Executive

Committee of the Advertising Agencies Association of India, as unworthy.

In the event of a member providing to the satisfaction of the Executive Committee that a client has withdrawn his Account on the grounds of the member's refusal to undertake unethical Advertising (as described above) no other member shall accept any business whatever from the said clients.

Notes

## LESSON 20: THE CONSUMER AUDIENCE

### Objective

Students after completion of this lesson, you should be able to define consumer behaviour and describe its relationship to advertising. Explain which societal and cultural factors affect advertising and consumers. Identify and describe psychological influences on consumers. Summarize the decision-making process of purchase decisions.



Whenever we are preparing an advertisement there is a motto behind it but that advertisement should be in accordance with consumers behaviour and should be sensitive to their needs.

In this lesson we will examine consumer behavior, including social, cultural, and psychological influences on the consumer. We also investigate how advertising agency use their understanding of consumer behavior to develop a great advertising campaign.

Lets try and solve a problem

#### Caught in the Net: Southwestern Bell's Second-Line Campaign

You want to make a phone call but someone else in your house is surfing the Net? How long do you have to wait before you can get a line? A simple consumer insight – that conflicts occur in households when the phone line is monopolized – is the corner stone at an award – winning campaign developed by the DMB&B agency in St. Louis for Southwestern Bell.

Sales of additional lines to residential customers are a significant source of revenue for the Regional Bell Operating Companies. Traditionally, the marketing of additional lines has been important target; investigative studies and qualitative research

identified two new target segments. The studies found that telecommuters need to separate personal phone used from work related use and that Internet users still want to stay in touch by phone even though they may spend hours online. The solution for both groups is a second line.

Southwestern Bell- worked with DM B&B on a campaign that selectively reached each of these two new segments. But DMB&B could develop a multifaceted campaign only after understanding consumers' use of phone lines and what situations create conflicts in their phone line use.

#### Think About It

1. Why is it important for advertising professionals to understand consumers?
2. What consumer problem did this advertising campaign address?
3. If you were working on this account, what message strategy would you recommend to Southwestern Bell?

**Sources:** The information in this case comes from the EFFIES brief provided by Southwestern Bell and DMB&B-

Now lets study something on consumer behaviour

As we know that the implicit goal of advertising is to persuade the consumer to do something, often to purchase a product. To achieve this goal, advertisers must first understand their audiences. **They must learn about consumers' ways of thinking, the factors that motivate- them, and the environment in which they live.**

Don't you think that it is a complicated task, as it requires several factors?

- First, the elements advertisers must consider are in constant flux. Valid information about consumers today is- often invalid tomorrow.
- Second, consumers are affected by many internal and external influences. The breadth of these influences means advertisers must draw from fields such as psychology, anthropology, and sociology to understand their audience. -
- Third, every pattern of behavior has exceptions. Advertisers should prepare for these exceptions but stay focused on the overall pattern. **For example, in general people are more tolerant of ads containing sexual innuendo, yet there are still people who find such ads offensive.**
- Fourth, as businesses move into other countries, finding general patterns of consumer behavior will become more difficult because each culture has its own values, beliefs, and patterns - of conduct.

In this lesson we explore the behaviours people engage in as consumers. Keep in mind that what people do outside their consumer roles is also relevant to advertising.

Consumer behavior is defined as ‘the process involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.’”

## The Consumer Audience

Tell me why do you buy or use a product buy or use products?

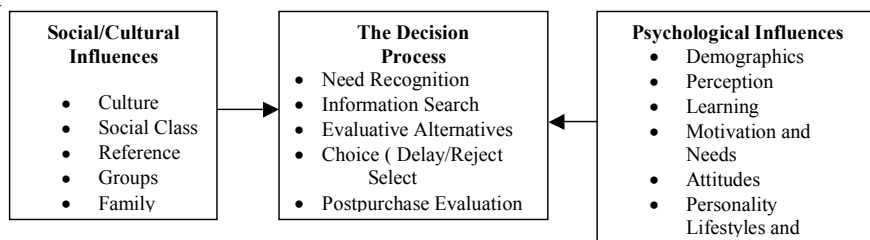
Basically to satisfy your needs and wants.

There are two types of consumers: those who shop for and purchase the product and those who actually use the product. This distinction is important because the two groups can have different needs and wants.

In the case of children’s cereals, for example, parents (the purchasers) often look for “nutritional value and a decent price. In contrast, children (the users) look for a sweet taste anchor package with a prize inside or a game on the outside. Have you ever noticed that many cereals are advertised as both fun and low in sugar?

The study of consumer behavior is crucial to marketers and advertisers because of marketing’s consumer orientation. Companies that want to understand how consumers think and make decisions about products conduct sophisticated consumer behavior research. **The aim of the research is to identify who the company’s ‘consumers are, why they buy, what they buy, and how they go about buying certain products.**

Figure given below depicts a general model of consumer behavior and serves as a visual roadmap for this chapter. We first explore the target market and then examine social and cultural influences and psychological influences. We close by investigating the decision process.



## The Target Market

Most firms have limited resources, so they’ can’t market to all feasible segments. Instead, they market to a target market-that group of people (segment) who are most likely to respond favorably to what the marketer has to offer and to provide the highest level of profitability.

For example, shoe marketers Airwalk and Vans follow different marketing paths but both targeted the extreme sports segment of the youth market. Airwalk tripled its TV budget in 1998 and tried to broaden its appeal with a campaign called “Airwalk: The Musical” that bridged the extreme sports and fashion segments. In 1999 Airwalk’s ads emphasized entertainment, directing teen consumers to the fun content of its Web site. Vans, in contrast,

continued to target extreme sports athletes with the “Team Vans” theme introduced in 1997.

Airwalk and Vans target their marketing at a specific market segment (young people who are extreme sports enthusiasts); as a result, they can tailor their advertising to the needs and wants of that group. Targeting helps organizations design specific marketing strategies to match their markets’ needs and wants more effectively. **Advertising, in particular, can be more focused once a target market has been selected.**

The advertising team tries to understand how and why consumers in the target market generally think, feel, and behave in ways that affect the advertising objectives. Only then can the advertising team design a campaign that will effectively reach its market segment.

For example, the Southwestern Bell second-line campaign focused on two new segments of the consumer market: telecommuters and Internet users. Consumer research found that the telecommuter segment (which includes anyone working at home either full- or part-time) has seen phenomenal growth- from 4.7 million in 1990 to a approximately 14 million by 2000. In the Southwestern Bell five-state market, industry experts estimate that 15 percent of all customers have Internet access in their homes. Southwestern Bell saw a great opportunity to market additional home telephone lines to these two segments. Its “Piranha” TV commercial shows the conflicts that can occur when a home computer user ties up the phone line.

## Now lets see the Social and Cultural Influences on Consumers

Your responses to an advertising message are affected by many factors. Think about factors that influence your responses. The culture and the society in which you were raised affect your values and opinions. **Likewise, you are a product of the family in which you were raised, and many of your habits and biases developed in the family environment.**

You are also an individual. As you mature, you developed an individual way of looking at the world based on such factors as your age, income, sex, education, occupation, and race. These factors influence every decision you make, such as how you perceive events and other people, how you learn from experience, your basic set of attitudes and opinions, your internal drive and motivation, and the whole bundle of characteristics called your personality.

In this section, we focus on cultural and social influences. In the next section we explore psychological influences.

The forces other people exert on your behavior are called cultural and social influences. **They can be grouped into four major areas:**

1. Culture,
2. Social Class,
3. Reference Groups, and
4. Family.



## Culture

Culture is defined as a complex of tangible items- (art, literature, buildings, furniture, clothing, and music) called material culture, along with intangible concepts (knowledge, laws, morals, and customs) that together define a group of people or a way of life. The concepts, values, and behaviors that make up a culture are learned and passed on from one generation to the next. The boundaries each culture establishes for behavior are called norms. Norms are simple rules that we learn through social interaction that specify or prohibit certain behaviors.

The source of norms is our values. An example of a value is personal security. Norms that reflect this value range from bars on the window and double-locked doors in Brooklyn, New Delhi, to unlocked cars and homes in Shirdi. Values are few in number are hard to change, are not tied to specific objects or situations, are internal, and guide behavior.

For several decades researchers have attempted to identify core values that characterize an entire culture. **One simplified list consists of nine core values:**

1. A sense of belonging
2. Excitement
3. Fun and enjoyment
4. Warm relationships
5. Self-fulfillment:
6. Respect from others
7. A sense of accomplishment
8. Security
9. Self-respect

Advertisers often refer to core values when selecting their primary appeals. Because "values are so closely tied to human behavior and so difficult to change, private research items try to monitor values and look for groupings of values and behavioral patterns.

Norms and values often combine to create cultural customs.

**Customs** are models of behavior that establish culturally acceptable ways of behaving in specific situations. For example, taking one's mother out for dinner and buying her present on Mother's Day is an American custom. However, customs vary from region to region and from country to country. For

example, many Americans who want their children to have every opportunity adopt the custom of sending all their children to college. Conversely, in a country such as Portugal, the custom is to send sons to college before sending daughters.

Culture directly influences buying behavior. For example, the busy working mother of day is not as devoted to meal preparation and household cleaning as was the full-time homemaker of the past. Food marketers have changed their promotional strategies to reach these women, and we now see more advertising for fast foods, convenience foods, restaurants, and take-home meals. The "Matter of Effectiveness" feature describes how cultural effluences in Italy created problems at the breakfast table.

### Matter of Effectiveness: Breakfast Bombs in Europe

Roberta Orlandi, a 26-year-old secretary, is in a coffee bar near the bustling Piazza Cavour Bresky in the morning, stirring the frothy steamed milk of a cappuccino. She exhales its heady aroma and declares: "I'm very Italian and prefer an Italian breakfast. I tried some chocolate cereal once for breakfast but didn't like it". To the American cereal industry. Ms. Orlandi is a tough target. After years of aggressive marketing and health awareness campaigns in Italy promoting the benefits of cereal, most Italians continue to eat breakfast Italian style: espresso or cappuccino and biscotti dipped into the coffee.

Cereal companies such as Kellogg view Europe and Asia as an opportunity for growth at a time when the U.S. cereal market is in a decline. There has been some progress. More Italian parents give their bambini cereal for breakfast. To help create a turnaround, the cereal invaders are trying to exploit some cultural shifts. The long European lunch is giving way to the American habit of grabbing a quick bite, making a bigger breakfast essential. Moreover, large American-style supermarkets with wide aisles are taking over from smaller stores that are less inclined to switch to new, untried products.

Cereal ads in Italy feature the staples of breakfast food marketing-gauzy sunrises, fields of grain, and wholesome looking families. Some emphasize the American nature of the product: One Kellogg's Corn Flakes ad features a series of child Elvis impersonators and begins "The best things always come from America." New Kellogg ads have an earthier, Italian look, with one spot unfolding in a sleepy seaside village. A boat docks and workers unload boxes of corn flakes. Excited villagers shout "It's here!" and "It gives you energy and nourishment!" An ad for Crunchy Nut Corn Flakes shows an Italian farm family earning breakfast outside their old stone house while their child talking on a mobile phone-an essential element of model Italian life. An Italian look is important for Kellogg. It now dominates Italy's cereal market, with an estimated 61 percent market share, but has come under attack from store branch launched by domestic retail chains.

**Sources:** Ernest Beck and Rekha Balu, "Europe Is Deaf to Snap! Crackle! Pop!", *Wall Stn Journal* (June 22, 1998): B1, B12; Gary Berman, "Trend Spotting: Where the Ethnic Mark, Is Heading," *Advertising Age* (November 17, 1997): 534; David Woodruff, "Ready to Shop Until They Drop," *Business Week* (June 22, 1998): 104-109.

**How does culture affect you as a consumer? Can you think of any cultural factors influence your behavior? How about patriotism and sacrificing for the good of others? Can you see yourself signing up for the Peace Corps? How about materialism? How do you feel about acquiring possessions and making Money?**

A culture can be divided into subcultures on the basis of geographic regions or how characteristics such as age, value so or ethnic background. For example we have many different

subcultures: teenagers, college students, retirees, southerners and, Hispanics, athletes, musicians, and working single mothers, to list just a few. Within cultures there are similarities in people's attitudes and secondary values.

What subcultures do you belong to? Look at your activities. Do you do anything on a regular basis that might identify you as a member of a distinctive subculture? How about going to church or a temple? Snowboarding? Rock climbing? Belonging to the Lions club? A book club?

### Social Class

The position you and your family occupy within your society is your **social class**. Social is determined by such factors as income, wealth, education, occupation, family pre value of home, and neighborhood.

Every society has a special class structure. In rigid societies, such as India or Brazil, example have a difficult time moving out of the class into which they were born. Although in the United States people may move into social classes that differ from the family's, the country still has a class system of upper," middle, and lower classes.

Marketers assume that people in one class buy different goods from different outlets and for different reasons than people in other classes. In the Southwestern Bell cash second-line campaign has a certain social class dimension to it because personal computers in the home tend to be owned by middle-to upper-class families. This class structure question raises social and ethical issues about the lack of computer availability in lower-income homes. Advertisers can get a feel for the social class of a target market by using market research or available census data.

**In what class do you see yourself? Does social class affect what you buy and how you respond to advertising? Do you know people you would consider to belong to a different social class? Do they buy different products than you do? Do they look at products differently in terms of price or quality?**

### Reference Groups

A reference group is a collection of people that you use as a guide for behavior in specific situations. **General examples of reference groups** are political parties, religious groups, racial or ethnic organizations, clubs based on hobbies, and informal affiliations such as fellow workers or students.

For consumers, reference groups have three functions:

1. They provide information,
2. They serve as a means of comparison, and
3. They offer guidance.

Sometimes the group norms require the purchase or-use of certain products (uniforms, safety equipment). The reference group members may be so similar to you that you believe any product or service the group members' use is right for you. Ads that feature typical users in fun or pleasant surroundings are using a reference group strategy. You also may be attracted to a particular reference group and want to be like the members of that group out of respect or admiration. **Advertisers use celebrity endorsements to tap into this desire.** The Web site

for snowboarding targets a specific set of reference groups-the young, and those who are outdoor oriented.

Think about all the groups you belong to, both formal and informal. Why do you belong to these groups? How do other members influence you or keep you informed? Have you ever bought anything specifically because a group you belonged to required it?

### Family

The family is our most important reference group because of its longevity and intensity. Other reference groups, such as peers, coworkers, and neighbors, tend to change as we age and switch occupations or residency. According to the U.S. Census, a family consists of two or more people who are related by blood, marriage, or adoption, and live in the same household. A household differs from a family in that it consists of all those who occupy a living unit, whether they are related or not.

Your family is critical to how you develop as an individual. It provides two kinds of re-sources for member: economic resources (such as money and possessions) and emotional resources (such as empathy, love, and companionship). The family is also responsible for raising and training children and establishing a lifestyle for family members. Your lifestyle determines how you spend your time and money and the kinds of activities you value.

Advertisers need to understand the structure and workings of the family to communicate effectively. For example, the Indian family structure is changing because of an increase in divorces, later marriages, one-parent and two-family households, and other family systems. Advertisers must create messages that appeal to the needs and life styles of these consumers.

A family's purchase and consumption patterns offer some interesting challenges. Consider that most families have members, such as parents, who screen and evaluate product information. Other members, such as children, strongly influence which product or brand is purchased, although they are not necessarily the actual decision makers. Advertisers respond to the family in various ways. As reflected in the Sony ad, some companies attempt to portray the family in a realistic manner, including the positives and the negatives.

**How has your family influenced you in your choice of schooling, lifestyle, and the way you spend your time and money?** Now think about your best friend. Are the two of you different in ways that can be traced to family differences? Would advertising for a product such as an automobile influence you differently because of your family?

Now that we have reviewed the cultural and societal influences on consumers, we turn to the psychological influences, including the processes of perception, learning, and motivation. The cultural and societal factors are neither more important than nor independent from the psychological influences. They influence in tandem, and their importance is related to the individual.

### Demographics

Demographics are the statistical representations of social and economic characteristics of people, including age, sex, income, occupation, and family size. The study of the social and economic factors that influence how you behave, as an indi-

vidual consumer is called **demography**. These factors serve as the basis for most advertising strategies. Knowing the age, sex, occupation, and race of the members of the target audience assists advertisers in message design and media selection.

#### • Age

People in different stages of life have different needs. An advertising message must be understandable to the age group to which the product or service is targeted and should be delivered through a medium used by members of that group. What products might you be interested in buying then? What products do your parents buy that you don't? Do you read different publications and watch different programs that your parents do? If you were in the market for a car, would you look at the same features your parents look at? In the India several trends with respect to age have -a direct bearing on advertising.

**Lets just go through this article, which talks about impact of advertising on children.**

#### The Impact of Television Advertising on Children

Posted on Friday, November 01 @ 01:00:00 GMT by MD Editor

By Namita Unnikrishnan and Shailaja Bajpai. New Delhi - Thousand Oaks - London: Sage Publications, 1996. pp.426.

Indian advertising is a billion dollar industry today, and at a growth rate of 40-50% per annum, one of the fastest growing industries in the country. Television advertising, which had its beginnings only in 1976 takes almost a third of that share, with the press getting around sixty per cent.

The arrival (some term it an 'invasion') of multinational companies and cross-border multi-channel television in the early 1990s has raised advertising billings considerably. Competition between Doordarshan and the host of cross-border satellite channels launched during the last few years for a share of the advertising cake has resulted in the unabashed commercialisation of television. (Every sponsored programme now carries the sponsor's tag with the title, e.g. Phillips' Top Ten, Surf's Wheel of Fortune). The products most aggressively advertised by the top ten advertisers (most of them with multinational tie-ups) include soaps and detergents, shampoos, soft drinks, fast foods, children's toys, chocolates, and of course television sets. The growth in ownership of TV sets (about a million a year) has, however, not kept similar pace. Around 40 million homes have their own sets (according to the latest NCAER survey); barely 10 million of these have access to satellite television.

What are the effects of this spurt in television ownership and television advertising on India's children? Media researchers over the last fifty years have made attempts to understand how children negotiate the messages of TV, but have not been able to reach any deep conclusions. Schramm, Lyle and Parker surveyed the children of the United States; Hilda Himmelweit et al looked at Britain's adolescents' television viewing and its possible relationship with aggression. Neither study suggested there was a causal relation between television and children's behaviour.

More recently, Hodge and Tripp, Patricia Palmer and Grant Noble (all of Australia), and Kevin Durkin, Ellen Wartella, Olga Linne and others have found children to be a 'lively' and 'active'

audience. In India, Andal Narayanan conducted a sociological study on 'The Impact of Television on the Indian Family' in the mid-eighties (when there was only a solitary channel), concluding that the 'impact' was not very worrisome.

Hardly any of these studies are cited in the discussion (or in the bibliography) of 'The Impact of Television Advertising on Children', a Children, Television and Advertising (CTA) research project conducted in 1992-93 by two Indian journalists. Sponsored by IDRC (International Development Research Centre), it turns the searchlight on the 'impact' of television advertising on children aged between five and fifteen (who according to the last census make up almost 40% of the population).

The sample selected is 730 children of New Delhi, the majority from the upper and middle class, and evidently from the capital's elite schools. Almost all (95%) the children in the sample had TV sets at home, 35% owned more than two sets, and more than fifty per cent had video-recorders. Several families had more than two TV sets at home. And most of the TV sets were hooked up to cable and satellite television.

This sample is barely representative of the capital's children, and much less of Indian children as a whole, or even of the country's urban children. With around 111 million 'street children' and 55 million 'child labourers' across the length and breadth of the country, one wonders how this sample can speak for a whole nation's children. The leaps in the argument from Delhi's children to 'Indian' children strain credibility, and the inferences drawn about children's complex interactions with advertising and the resulting 'impact' upon their behaviour, aspirations and consumerist ways, are far from convincing.

Here is just one such leap in a quick summing up of the study's major findings in the Introduction: 'Our findings showed that almost every child is a regular television viewer; that children spend a good deal of their free time in front of the TV set; that most Indian children watch adult programming; that TV viewing is adversely affecting their reading and concentration skills; and that it is bringing about a major change in familial relationships by creating greater segregation between generations and individuals' (p. 20). The data to support these findings is scanty, often anecdotal, despite the massive exercise in content analysis of a month's advertisements on Doordarshan, interviews, group discussions, and the meetings with children, parents and teachers. Far too often, 'perceptions' and 'recall' and 'liking' are assumed to be 'effects'; market research surveys are cited as their conclusions.

Here is an instance: 'Most of our respondents seemed particularly influenced by ads which had children in them. They identified closely with the child stars in the commercial. Take the Complan ad with its model - a boy - who proclaims: 'I am a Complan boy'. This was remembered by many children who said they liked the commercial because of the boy in it' (p.195).

Or, consider this claim of the researchers 'having established that a very large proportion of children who watch TV end up aspiring to become active consumers' (p.241). No longitudinal research has been done; all that we have is a one-time opinion and preference survey of advertisements watched and aspirations stated.

The early chapters, in particular, bristle with assumptions for which hardly any hard evidence is put forward, except stray anecdotal evidence, and equally stray quotations from American 'effects' research. The most widely quoted authorities are Jerry Mander, who over two decades ago advanced 'four arguments for the elimination of television', Vance Packard who unravelled the 'subliminal' messages of American advertising, and George Gerbner whose cultural indicators studies conclude an intimate relationship between TV portrayals and the perceptions of viewers regarding 'reality'.

So, children are taken to be passive viewers ('enamoured', 'fascinated', 'seduced'), by all that flits across the screen, and swallowing its every message. 'Children deserve special attention because they are most likely to accept and orient their view of life to the one TV and TV advertising promote, especially as television was becoming a major source of information and ideas' (p.19). Of course they do deserve special attention but a good number of them are often smart enough to see through the tall and misleading claims of advertisers. Several brands specifically targeted at children have fallen by the wayside.

This is not to suggest that advertisers are innocent of deliberate attempts to mislead and deceive, or that they don't succeed sometimes, especially with young children, but to argue that the relationship between TV advertisements and children is interactive, complex and subtle, and always in the context of family and the larger society. Intervention by 'significant others' and media education are strategies that have been evolved to protect the young against commercial exploitation. But strict regulation, public vigilance and consumer education are also required.

Where the study excels is in its close textual analysis of advertisements and of the types and patterns of advertising on Doordarshan. Part II on 'Advertising' is as a result the most thoroughly researched and rigorously analysed section. In comparison, Part III on 'Consumerism' is rather sketchy and misses out on the nuances and subtleties of children as TV viewers and as consumers. While very young children might mistake fantasy for reality, most children very quickly begin to grasp the rhetoric of advertisements, and to turn cynical about them.

In the early stages of the growth of a new mass medium the immediate response of parents, teachers and journalists is one of 'moral panic'. But as the novelty of the medium wears off and as children grow into adolescents and teenagers, the medium becomes a part of the background, a part of the furniture. Other interests then take over.

Television advertising may be enjoyed for its striking visuals and jazzed up sound, but enjoyment does not necessarily lead to desire or purchase. The meanings are negotiated, and often rejected and parodied as is evident in children's games inspired by TV. There is thus no straightforward one-way linear influence of an advertisement aimed at children and of their acceptance of its tall promises. That influence is dependent on how a child negotiates the meaning of the ad, and negotiation is in turn determined by a number of variables such as family, caste/class, religion, school, and community. Often, these are unpredictable

and how a child incorporates the television experience into his or her daily life is a subject that researchers have yet to probe.

In the Indian context, the purchasing power of the majority of children (except the minuscule minority with loads of 'pocket money') is so limited that most advertising has little relevance to buying behaviour.

Keval J. Kumar

Now let's see another demographic factor that is Gender

### Gender

Gender, or sex, is an obvious basis for differences in marketing advertising. When we talk about gender differences, we consider both primary and secondary differences. Primary gender differences are physical or psychological traits that are inherent to males or females, such as a woman's ability to bear children. Secondary gender traits tend to be associated with one sex more than the other. Wearing perfume and shaving legs are secondary traits associated with women.

The primary gender characteristics of men and women create demands for products and services directly associated with a person's sex. In the past there were many taboos about marketing such products. **For example**, marketers of tampons and sanitary pads were once ducted to advertising in media and retail outlets devoted strictly to women; condoms - chased almost exclusively by men, were -behind-the-counter (or perhaps under-the-counter) items. These barriers have all but vanished, and primary female and male products marketed in similar ways and in comparable media.

Many consumers consider certain brands masculine or feminine. It is unlikely that men use a brand of aftershave called White Shoulders. The Gillette Company found that men would not purchase Gillette razor blades, so they introduced new brands exclusively for women, such as the Sensor and Sensor Excel for Women and Daisy disposable razors.

Marketers of products formerly associated with one sex that want to sell them to both often find it necessary to offer "his and her" brands or even different product names for same basic goods. **What products do you buy that are unisex? What products do you buy that are specifically targeted to your sex?**

During the last decade gay and lesbian consumers have become an important target market. This segment has important implications for advertisers. Most notably, because many people are still offended by the gay and lesbian lifestyle, advertisers must determine the best ways to target gays and lesbians. Many companies advertise in the gay media such as Sony, Apple, Banana Republic, American Express, Hiram Walker & Sons, Miller Brewing and Coors, Subaru of America, and Visa.

Research suggests that the following characteristics define the composite homosexual: well educated; high discretionary income; informed socially and politically; dedicated to career and home ownership; most often a white male; places great importance on friendship networks; maintains independence, individuality, and self-understanding; enjoys diversity and change; and is highly skeptical and self-protecting.



Finally, research indicates that gay and lesbian consumers exhibit the following media preferences:

- Prefer to read newspapers targeted at them and more upscale sections of the newspaper; the same is true for magazines.
- Prefer more intellectual and upscale TV and radio programs.
- Use catalogs, 800 numbers, and online forms of direct marketing.
- Dislike and distrust advertising.
- Prefer print and direct media over broadcast media.

To reach this target audience, practitioners suggest the following advertising content guide-lines: present realistic images of gay and lesbian people; focus on your product or service and its benefits to gay and lesbian consumers sense of perception; don't be afraid to use humor; and remember that the ads must communicate that the product is right for them, and the company is right for them.

### Education

The level of education you have attained also influences your behavior as a consumer. Ad-vertisers know they must market products differently to better-educated consumers than to the less educated. Apple's iMac, for example, is targeted to people with less education than consumers who traditionally bought computers. Consumers with higher education levels are often more responsive to technical and scientific appeals, prefer informative ads, and are better able to judge the relationship between the price and quality of a product.

The trend toward a better-educated consumer is expected to continue. By the year 2000 nearly 30 percent of all Americans over age 25, male and female, will have a college degree. Level of education has a direct bearing on how consumers view shopping. Those who are better educated are more likely to shop via the Web, whereas those with less education tend to prefer shopping at malls and strip centers.

### Occupation

Most people identify themselves by what they do. Even non-wage-earners such as home-makers and students identify themselves this way. There has been a gradual movement from blue-collar occupations to white-collar occupations during the last three decades. There have also been shifts within white-collar work from sales to other areas, such as professional specialty, technical, and administrative positions.

Furthermore, the number of service-related jobs is expected to increase, especially in the health care, education, and legal and business service sectors. Much of this transition is a direct result of advanced computer technologies, which have eliminated many labor-intensive, blue-collar occupations. Since 1964, the average weekly work hours in every industry category have declined or remained steady. This shift has affected advertising in a number of ways. Most notably, advertisements seldom portray blue-collar jobs anymore, and ad copy tends to be more technical. Also, women increasingly are being depicted in professional roles.

### Income

**You are meaningful to a marketer only if you have the resources to buy the product advertised.** That means you

must have money and credit. It also means you must have some **discretionary income**, the money available to a household after taxes and basic necessities such as food and shelter are paid for. As your total income increases, the proportion that is considered discretionary income are thought to have significant discretionary income. Although this group represents only 29 percent of all households, it receives 53 percent of all consumer income before taxes.

The distribution of the income among the population has a great impact on marketers. If we see Indian economy it is evident, the rich are getting richer and the poor are getting poorer.

Can you think of any product that you wanted to buy recently but could not afford? Do you have a wish list of purchases you would like to make someday? How is income affecting your consumer behavior grows at a faster rate.

### Race and Ethnicity

The United States is often called the melting pot of the world, an image implying that the diverse peoples who have settled here have adopted the same basic values and norms. This idea is probably less true than most people imagine. To determine how ethnic background influences consumer behavior experts measure the differences in the lifestyles of each ethnic group. Indications of these differences should emerge in how each group spends time. For example, experts note the strength of family ties in Asian and Latin cultures. Do Americans of Asian and Latin ancestry continue their traditional emphasis on family time once they are immersed in a nation of multiple TVs and fast-food restaurants? 12 Procter & Gamble's research into the Hispanic market suggests that family tradition still thrives and influences consumer buying behavior. Its research indicated that family (especially children) is the most important value for Hispanic moms. Procter & Gamble decided to target Hispanic moms in a campaign for its Luvs diapers. The Luvs team and its agency, Leo Burnett, developed a strategy based on research about the values and characteristics of the Hispanic mom, the diaper decision maker.

Typically, she is an experienced mom with either two or more kids in her household or one child in diapers older than 6 months. Research found that Hispanic moms tend to define their existence via their families, with a special focus on their children. They seek opportunities to get the most for their money to provide more for their children. However, they will never compromise quality for price. The Luvs message was designed to speak to those values. One ad featured Hispanic sisters sharing information about Luvs. A Barney special promotion demonstrated how moms could get a little something extra for their kids by buying Luvs. Hispanic moms' response to Luvs was striking. The campaign belts main advertising objective of increasing share in national markets by 25 percent.

### Geographic Location

Knowing where people live is important to advertisers. Marketers study the sales patterns in different regions of the country to discover variations in the purchase behavior of consumers because people residing in different regions of the country often have different needs for certain products or

services. For example, someone living in the Midwest or Northeast is more likely to purchase products for removing snow and ice, whereas a Floridian would buy more suntan lotion and beachwear. Differences also exist between urban areas and sub-urban or rural areas. Swimming pools, that sell well in a residential suburban neighborhood, would not be in demand in an urban neighborhood filled with apartment buildings.

To plan advertising, marketers must predict geographic trends and understand how those trends can affect their marketing.

### Psychological Influences on Consumers

We have analyzed social and reference groups and have looked at personal characteristics. Now let's look at the internal elements that make you an individual. The variables that shape your inner self are called your psychological makeup. Although hundreds of different dimensions are encompassed under the term psychographics, the areas with the most relevance to advertising are perception, learning, motives, attitudes, personality, and lifestyles.

#### • Perception

Each day we are bombarded by stimuli-faces, conversations, buildings, advertisements, news announcements-yet we actually see or hear only a small fraction. Why? The answer is perception.

**Perception** is the process by which we receive information through our five senses and assign meaning to it.

Perceptions are Shaped by Three Sets of Influences: -

1. The physical characteristics of the stimuli
2. The relationships of the stimuli to their surroundings
3. The person's state of mind

The third influence makes perception a personal trait. Each person perceives a stimulus within his or her own frame of reference. A stimulus represents things that can be perceived in the outside world. The sheer number of stimuli to which we are exposed further complicates the perception process. Some of these stimuli are perceived completely, some partially, some correctly, and some incorrectly. Ultimately, we select some stimuli and ignore others because we cannot be conscious of all incoming information at one time.

We screen perceptions at two levels: internal and external.

**The internal screening** process occurs because of the physical or physiological screening (an elderly person does not understand an ad because the type is too small to read or the sound is too low in the radio commercial). **Psychological screening occurs** because our feelings, interests, or experiences cause us to filter out or distort certain stimuli. Innate factors will cause some heterosexual consumers to screen out any ads that feature gay men or lesbians. Likewise, those with an aversion to sexual overtones may screen out the ads that have such overtone

### Selective Perception

Although perceptual screening is a common psychological concept, another version is particularly germane to advertising, selective perception. The process of screening out information that does not interest us and retaining information that does is called selective perception. **Think about the drive or walk to school every day.** How many stimuli do you perceive? You may perceive traffic signals, what's going on near you, other

traffic, and pedestrians crossing in front of you. However, you may not perceive the billboard you pass every day, the address numbers on the buildings, or the people behind you. This is selective perception. This same process is repeated when we watch television or read a magazine. It also occurs when we look at an ad and perceive only the headline, a photograph, or a famous spokesperson.

**Think back to the ad that highlighted the opening story for this lesson. What do you remember about it?**

In addition to our tendency to select stimuli that are of interest to us, we also perceive stimuli in a manner that coincides with our reality. That is, your world includes your own set of experiences, values, beliefs, biases, and attitudes. It is virtually impossible to separate these inherent factors from the way you perceive. For example, we naturally tend to seek out messages that are pleasant or sympathetic with our views and to avoid those that are painful or threatening. This is called **selective exposure**. Consumers tend to selectively expose themselves to advertisements that reassure them of the wisdom of their purchase decisions.

Similarly, when we are exposed to a message that is different from what we believe, we engage in selective distortion. For example, a consumer may "hear" that an automobile gets good gas mileage, even though the salesperson has clearly indicated this is not so, because the consumer perceives other features of the car as perfect and therefore wants very much to buy it.

### Advertisers are interested in these selective processes

**because they affect whether consumers** will perceive an ad and, if so, whether they will remember it. Our attitudes toward the person, situation, and idea also strongly influence selective perception. If we hold a strong positive attitude toward safety, for example, we will tend to perceive messages that deal with this subject, as shown in the Shell Oil ad. We will tend to remember details about the message, such as product features and the brand name, when perception is intense.

Our response to a stimulus has a direct bearing on advertising. A large part of what the brain processes is lost after only an instant. Even when we try to retain information, we are unable to save a lot of it. Selective retention describes the process we go through in trying to save information for future use. Advertising can aid this process by using repetition, vivid images, easily remembered brand or product names, jingles, high-profile spokespeople, music, and so forth. And for Saving the Guerillas is more likely to be retained in memory because of the vivid, eye-catching image of a young guerilla.

### Notes

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## LESSON 21: THE CONSUMER AUDIENCE

### Objective

Students after completion of this lesson, you should be able to define consumer behaviour and describe its relationship to advertising. Explain which societal and cultural factors affect advertising and consumers. Identify and describe psychological influences on consumers. Summarize the decision-making process of purchase decisions.

This lesson is in continuation with our earlier session.



### Lets start with Cognitive Dissonance

Another possible response to selective perception is a feeling of dissatisfaction or doubt. Sel-dom does a purchased product confer all the expected positive results. According to the theory of cognitive dissonance, we tend to compensate or justify the small or large discrepancy between what we actually received and what we perceived we would receive. Research on this phenomenon has shown that people engage in a variety of activities to reduce dissonance. Most notably, they seek out information that supports their decisions and they ignore or distort information that does not. Advertising can play a central role in reducing dissonance. For example, appliance makers anticipate where dissonance is likely to occur and provide supportive information, IBM uses testimonials by satisfied customers, and restaurants include discount coupons with their print ads.

**The next time you watch television, study yourself as you view the ads. What do you select to pay attention to? Why? When do' out tune out? Why? Did you find yourself disagreeing with a message or arguing with it? Can you see how your own selection process-es influence your attention and response to advertising?**

### Learning

Perception leads to learning; that is, we cannot learn something unless we have accurately perceived the information and attached some meaning to it. Learning is often an uncon-scious activity,

consumers usually don't know when it's happening. If advertisers understand how consumers learn, they call design ads that make it simple for consumers to learn the ad's key elements, such as brand name, product features, and price. They can also tap into the different attitudes, beliefs, preferences, values, and standards that affect learning and pur-chase behavior.

Various theories have been developed to explain different aspects of learning. Typi-cally, experts rely on two schools of thought to explain the learning process.

- The first approach focuses on cognitive or mental processes.
- The second approach focuses on behavioral conditioning.

Cognitive learning theorists stress the importance of perception, problem solv-ing, and insight and characterize people as problem solvers who go through a complex set of mental process to analyze information. Advertisers that adopt the cognitive learning ap-proach by to motivate by providing information that will help a consumer's decision-making processes.

The second school of learning, connectionism, argues that people learn behavior by ex-periencing connections between stimuli and responses through classic or instrumental conditioning. Essentially, classic conditioning pairs one stimulus with another that already elicits a given response and is often associated with the experiments of Ivan Pavlov, in which a dog was trained to salivate at the sound of a bell by associating the bell with food.

Instrumental or operant conditioning depends on the voluntary occurrence of behav-iors that are then rewarded, punished, or ignored. The theory assumes that people engage in a trial-and-error process that identifies which of their behaviors results a more favorable response and which do not. The person's reward is instrumental in this behavioral learning process. Advertisers that adopt this view of learning tend to emphasize that their brand pro-vides greater rewards than other brands.

### Habit

When we repeat a process many times and continue to be satisfied with the outcome, we de-velop a habit. A habit is a decision-making shortcut: We save time and effort because we do not evaluate information about alternative choices. In addition, purchasing by habit reduces risk. Buying the same brand time and again reduces the risk of product failure and financial loss. Obviously, advertisers would like consumers to be habitual users of their products. Achieving that goal requires a powerful message backed by a superior product.

Once a habit is formed, advertising should reinforce that habit through reminder mes-sages, messages of appreciation, and actual rewards such as coupons, premiums, and rebates.

Breaking a consumer's habit is very difficult. Attacking a well-entrenched competitor may only make consumers defensive and

reinforce their habit. Offering the consumer new relevant information about your product or your competition is one approach. Providing an extra incentive to change, such as coupons or free samples, has also proven effective. Certainly consumers who are price sensitive tend to habitually purchase items of the lowest cost. These deal-prone people have a habit that is difficult to break.

Advertisers use a number of techniques to improve learning.

**Music and jingles improve learning because they intensify the repetition.** Creating positive associations with a brand name enhances learning. Testimonials by well-liked celebrities and scenes of attractive people in attractive settings can also intensify positive associations. **An ad may use humor because it gives the audience some reward for paying attention. The Energizer Bunny ad is an example of advertising that creates a positive association with a product.**

### Motivation and Needs

A motive is an internal force that stimulates you to behave in a particular manner. This driving force is produced by the state of tension that results from an unfulfilled need. People strive, both consciously and subconsciously, to reduce this tension through behavior they anticipate will fulfill their needs and thus relieve the stress they feel.

At any given point you are probably affected by a number of different motives, some of which may be contradictory. Some motives are stronger than others, but even this pattern changes from time to time. **For example, your motivation to buy a new suit will be much higher if you have several job interviews scheduled for the next week.**

**What are your buying motives?** Think back over all your purchases during the past week. Did you have a reason for buying those products that you might tell your mother or an interviewer, but also a hidden reason that you will keep to yourself? Understanding buying motives is crucial to advertisers because the advertising message and the timing of the ad should coincide with your motivation process.

**Needs are the basic forces that motivate you to do something.** Each person has his or her own set of unique needs. Some are innate; others are acquired. Innate needs are physiological and include the need for food, water, air, shelter, and sex. Because satisfying these needs is necessary to maintaining life, they are called primary needs.

Acquired needs are those we learn in response to our culture or environment. These may include needs for esteem, prestige, affection, power, and learning. Because acquired needs are not necessary to our physical survival, they are considered secondary needs or motives. Advertisers try to assess which needs are most important to consumers at any given time. However, no category of needs consistently takes precedence over the others. A list of 15 general consumer needs is shown in Table:

#### Consumer Needs

- Achievement
- Exhibition
- Dominance
- Diversion

- Understanding
- Nurture
- Sexuality
- Security
- Independence
- Recognition
- Stimulation
- Novelty
- Affiliation
- Comfort
- Consistency

**Sources:** adapted from Robert B. Settle and Pamela L. Alreck, *Why They Buy* (NEW YORK 1986)

Although basic need categories tend to be somewhat stable over time, the way we satisfy our individual needs appears to change over time. In recent research, for example, the ever-expanding desire for more is taking off again in certain market segments. People want the pool, the summerhouse on the beach, and the home entertainment center. Not the exact same things they wanted in the 1980s—the population is older, with different wants and needs—but the bottom line is the same. People want more. Far from simplifying, Americans are interested in acquiring.

Changing needs are at the heart of the Southwestern Bell campaign. The advertisements created by DMB&B highlighted these needs in a creative way. Each ad or commercial focused on a problem arising from the frustrations and conflicts that result from a busy phone line. Then the second line was presented as a solution.

For computer users, the motivating factor is the ability of the second phone line to let you go online without being out of touch. A print ad for that segment used the headline, “We tried to call you about a separate phone line for your computer, but we kept getting a busy signal.” For telecommuters, a second phone line lets them avoid the hassles of trying to communicate by computer, phone, and fax at the same time. The headline on the telecommuter ad read, “How to keep your business life separate from your personal life.” Both ads showed a hand holding two phone lines with their distinctive wall connections and ended with the tagline, “Yes, it’s that simple.”

### Attitudes

An attitude is a learned predisposition, a feeling that you hold toward an object, a person, or an idea that leads to a particular behavior. An attitude focuses on some topic that provides a focal point for your beliefs and feelings. Attitudes also tend to be enduring and resistant to change. **You can hold an attitude for months or even years.**

**We develop and learn attitudes; we are not born with them.**

Because attitudes are learned, we can change them, “unlearn them, or replace them with new ones. Attitudes also vary in direction and in strength. That is, an attitude can be positive or negative, reflecting like or dislike, or it can be neutral.



Attitudes are important to advertisers because they influence how consumers evaluate products. A strong positive attitude might be turned into brand preference and loyalty. For example, most older consumers have a positive attitude about pilot Chuck Yeager, who is featured in the Rolex ad. Because Yeager seems trustworthy and demands precision, that positive attitude, if strongly held, may convince consumers that the products Yeager uses are preferable to other products.

A weak attitude, even if it is positive, might not be enough to convince consumers to act. Changing an attitude is not impossible, but it is difficult.

Attitudes also reflect consumers' values. They tell the world what we stand for and identify the things and ideas we consider important. They also track our positive and negative reactions to things in our life. Opinion research is used to check how people feel about other people, products, brands, appeals, and contemporary trends. One of the most important areas for opinion research in advertising is product and brand perception. It is important to know how the consumer views the product before developing an advertising strategy. A recent study by Roper Starch Worldwide, consumers were asked which factors were most important in purchasing a new automobile in 1993 and 1996.

And maintenance/repair are most important. Furthermore, advertisers must be aware of the factors with which the product is associated in the consumers' mind.

Lets see this article on consumer attitude from JWT

JWT study casts new light on consumer attitudes

Rina Chandran

**It came up with eight core concepts that significantly influence consumer attitudes and behaviour: the importance of being entrepreneurial; speed and lightness; enjoyment; religion and spirituality; the family as a brand; the 'nowness' of life; manipulation and powerplay for family harmony; and 'getting more out of less'.**

MUMBAI, April 9

**IF you prefer ready-to-cook meals and paying with your credit card, see spirituality as a way to maintain balance, and yearn to start something on your own - you are not alone.**

**From Delhi to Bangalore, and Bareilly to Warangal, a sizeable part of the population thinks this way, according to a recent study by J Walter Thompson India (JWT).**

**The study by the advertising and marketing communications company, titled 'The Great Indian Family: Juicing Change', has delved deep into the psyche of the Indian consumer.**

**It came up with eight core concepts that significantly influence consumer attitudes and behaviour: the importance of being entrepreneurial; speed and lightness; enjoyment; religion and spirituality; the family as a brand; the 'nowness' of life; manipulation and powerplay for family harmony; and 'getting more out of less'.**

**"Some of these are already known to us, but even these were known by chance, not design," Mr Kamal Oberoi, President, JWT, told Business Line.**

**"The surprising part was their universal nature - the manifestations may be different, but the drivers are the same, and they cut across social, cultural, economic and regional differences."**

**Ad agencies have traditionally relied on brand-specific studies done by themselves and by marketers, broader syndicated studies by research agencies, and media reports on lifestyle changes and trends, Mr Oberoi said.**

**However, while something was known of the various influences on the consumer, not much was known about the impact of these influences on attitudes and behaviour.**

**"The need to delve deeper was articulated by our strategic planners about a year ago. We perceived a gap, and wanted to complete the loop from our earlier research."**

**The study, which took seven months to complete at the cost of "several millions", was conducted by Research International, part of the London-based custom research organisation, Research International Group.**

**The study used ethnography to study the consumer. It entailed over 96 in-depth interviews across 24 families from Delhi, Mumbai, Nagpur, Bareilly, Bangalore and Warangal; researchers stayed in their homes for a week.**

**The families - from different socio-economic strata - were scientifically selected to represent the emerging consumer types in the country.**

**Most conventional research has focused on consumer attitudes and behaviour in reference to specific brands and product categories, or a gender or class; it is often based on western templates that focus on the individual.**

**By contrast, the JWT study focused on the collective. "Indians have a more collective mindset, and the smallest collective unit is the family," Mr Oberoi said. "So, we decided to focus on the family in their natural environment."**

**The methodology, the objective and the scale of the research were all much bigger than anything done before, he added.**

**Ethnography enables researchers get a more perceptive understanding of consumers' needs and expectations by actively observing them in their natural environment.**

**Broadly speaking, the research reveals that consumers are attaching greater importance to enterprise; there is also an increasing penchant for 'lightness' - being less traditional, opting for convenience foods and home delivery, and shopping in supermarkets.**

**The Indian consumer is also laying greater emphasis on the experience and enjoyment that come with products; and, while consumers are willing to spend money, their expectations of return from every rupee spent are much more now.**

Also, the family is being treated as a brand, and there is a tendency to project a specific family image, according to the study.

JWT will present the findings internally, and then to its clients, Mr Oberoi said.

Its major clients include Ford India, GlaxoSmithKline, Godrej, Hero Honda, Hindustan Lever, ITC, Nestle, Kellogg, Pepsi, Philips, Standard Chartered and the UB group.

The research will be an ongoing process and used to align brands in more relevant ways with the consumer, he added.

**“It’s not just a question of knowing; it’s also a matter of interpreting and using the research. A deeper insight will enable us to offer fresh insights, and come up with better communication ideas. Our hit run will improve.”**

Now lets see Personality

All of these personal and psychological processes and factors-interact to create your own unique personality. A personality is a collection of traits that-makes a person distinctive. How you look at the world, how you perceive and interpret what is, happening around you, how you respond intellectually and emotionally, and how you form your opinions and attitudes are all reflected in your personality. Your personality is what makes you an individual.

**Self-concept** refers to how we look at ourselves. Our self-image reflects how we see our own personalities and, our individual patterns of strengths and weaknesses. Take a minute to think of the traits that best describe you. **What do they tell you about your own self-concept? Now consider yourself as a consumer. Think about how these same characteristics affect response to different products, to advertising, and to your behavior as a consumer.** Can you see how understanding personality is important in developing a relevant message?

**Combining All the Personal Factors:**  
**Psychographics**

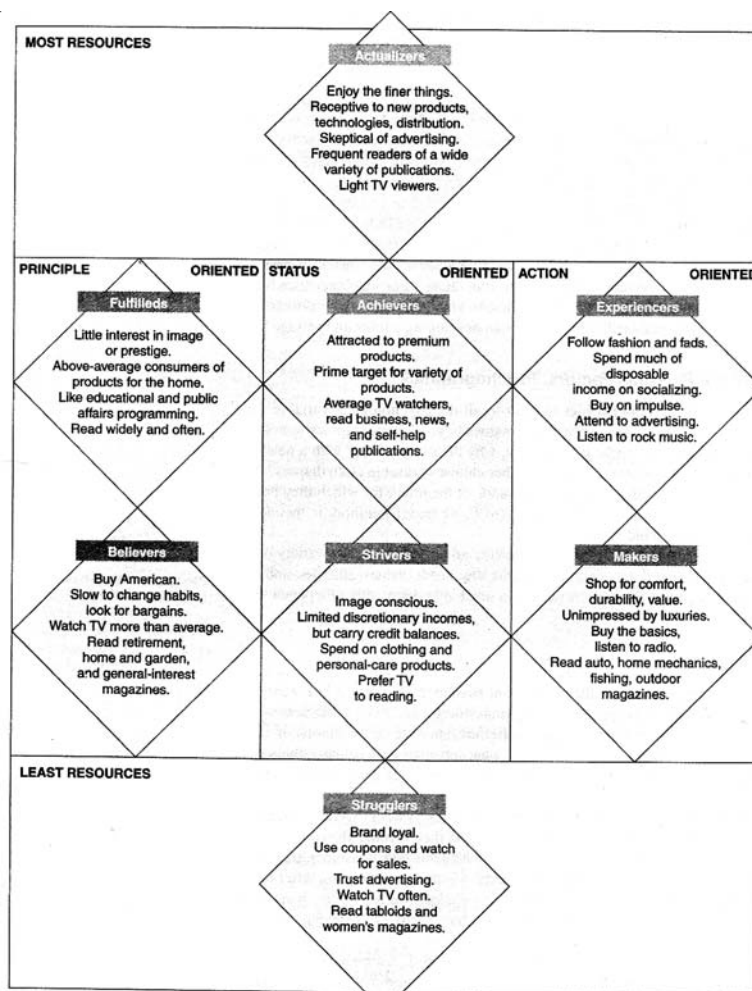
Advertisers use the term psychographics to refer to all the psychological variables that combine to shape our inner selves. Psychographics goes beyond demographics in helping to explain complex behavior patterns. For instance, why does one mother with a newborn infant use disposable diapers whereas another mother chooses reusable cloth diapers? And why does she use Luvs when others use generic brands or the brand for which they have a coupon? Why does one person drive a brand-new BMW, whereas a neighbor in the identical condo next door drives an old Ford?

To try to explain the true motivations for behavior, advertisers look at a variety of dimensions, including activities, interests, hobbies, opinions, needs, values, attitudes, and personality traits. Taken together, these elements give a much broader picture of a person than do demographic data.

## Lifestyles

Lifestyle factors are often considered the mainstay of psychographics research. Essentially, lifestyle research looks at the ways people allocate time, energy, and money. Marketers conduct research ‘to measure and compare people’s activities, interests, and opinions; in other words, what they usually do or how they behave, what intrigues or fascinates them, and what they believe or assume about the world around them. One very popular research tool that clusters lifestyle characteristics is VALS.

SRI International is famous for its Values and Lifestyles System (Vitals) conceptual models that categorize people according to their values and then identify the consumer behaviors associated with those values. VALS models show clients how consumer groups are changing and how these changes will affect the clients’ advertising strategies. After determining that the link between social values and purchasing choices was less strong than it once was, SRI developed a system based on psychological characteristics research indicated that these characteristics helped predict purchase behavior.



As we see in the figure given above the system, of VALS 2, where psychographics groups are arranged in a rectangle. They are stacked vertically by resources (minimal to abundant) and horizontally by self-orientation (principle, status, or action oriented). Resources include income, education, self-confidence, health, eagerness to buy, and energy level.

A person's position along the resource and self-orientation axes determines which of eight classifications he or she falls into: Actualizers, Fulfillers, Achievers, Experiences, Believers, Strivers, Makers, or Strugglers. Members of each group hold different values and maintain different lifestyles. Actualizers, located at the top of the rectangle, have the highest resources, including income, self-esteem, and energy. Actualizers are difficult to categorize by self-orientation because their high resources allow them the freedom to express many facets of their personalities. Image is important to these people. Because of their wide range of interests and openness to change, actualizers' purchases are directed at the finer things in life. Obviously knowing the psychographics orientation of consumers is a valuable asset to an advertiser in deciding to whom the messages should be targeted. "The Inside Story" shows how Cheri Anderson of SRI Consulting uses VALS to help clients target early adoption of new products.

Also on the horizon is iVALS, a project that focuses on the attitudes, preferences, and behaviors of online service and Internet users. Early results of iVALS reinforce the idea of a dual tiered society, but one based on knowledge, not income. People who are out of the information highway loop are excluded more because of their limited education than because of their lower income. Education is the crucial factor in who participates in the Internet and to what degree.

We have just explored the cultural, sociological, and psychological influences on consumer decisions. Our final question is how do consumers make decisions?

### Lets see this inside story

#### The Grand Myth of Early Adoption

By Cheri L. Anderson (senior research psychologist SRI consulting)

One of the leaders in the area of consumer research is SRI Consulting, which created the well-known VALS segmentation system. Cheri Anderson describes one of the lessons she's learned working with the VALS data.

Our most creative research assignments come from clients who want to preview the future today. These clients want to know what innovative products to put on the shelf in the future and who is most likely to be the early adopters of their innovative products.

At SRI, we use the VALS psychographics segmentation system to identify consumers most likely to be early adopters in the client's category. In addition, VALS is used as a framework to do primary research on the lifestyle and psychological characteristics of early adopters. -Our findings show that early adopters

- Are people involved in unusual activities and whose level of activity will disproportionately affect the behaviors of others
- Have many weak social contacts
- Are masters of their own universes
- Are high media users
- Have a more complex history of personal and sexual relationships

Although there are similarities among early adopters, our VALS research found some

Important differences. Contrary to popular belief, there is no one innovator or early adopter group. Early adopters are in very different strata and roles in society and cannot be identified by demographics alone.

Using VALS, we have identified three early adopter groups with different psycho-logical characteristics. The "digerati" early adopters seek novelty, are attracted to risk and tend to be more fashion conscious. They have a desire for emotional and physical excitement, all the way to the extreme. The "ego-oriented" early adopters desire leadership and enhanced personal productivity. These consumers have a need to feel superior within their peer groups. The "supertonic" early adopters are intense information-seekers and global in perspective. They have a deep need to know and are expertise focused.

We pursue research on early adopters (and other programs of research) with the objective of using psychographics to understand why consumers do what they do. By understanding what motivates and demotivates different early adopter groups, we can help our clients identify targets and steer their brands for successful market entry. "

Before joining SRI Consultant's Values and Lifestyles Program, Cheri Anderson was a strategic planner at OOB Needham Worldwide. She earned her doctorate in mass communication/consumer behavior from the University of Minnesota, Twin Cities.

Nominated by Professor Bill Wells, University of Minnesota

Now lets move on to the most important process that is the decision making process .

### The Decision Process

Advertisers use the information we have discussed in this lesson to understand how consumers decide to buy a product. Although every consumer makes different decisions, evidence suggests that most people follow a similar decision process.

**First, we examine two types of decision processes:** low- and high-involvement. Then we examine the steps of the decision process: need recognition, information search, evaluation of alternatives, purchase decision, and post purchase evaluation.

#### Low- and High-Involvement Decision Processes

For the most part, consumers expend a great deal of effort on the more expensive, personal, or emotion-laden products (such as automobiles, medical care, clothes, and vacations). For the inexpensive, less exciting products that are purchased, regularly, such as milk, gum, or soda, consumers tend to put little thought and effort into the decision. The former example is called a complex, high-involvement decision process, whereas the latter is known as a simple, low-involvement decision process.

Product decisions that have high personal relevance and contain a high perceived risk are high-involvement purchases, and they require complex decision-making.

Products that are less relevant and offer lower perceived risk are low-involvement purchases that require simple decision-making. The purchase of milk is an example. Simple decision-making requires very little information and virtually no evaluator.



Now that we've examined the two main types of decision-making, we turn to the steps in the decision-making process, with an emphasis on complex decision-making.

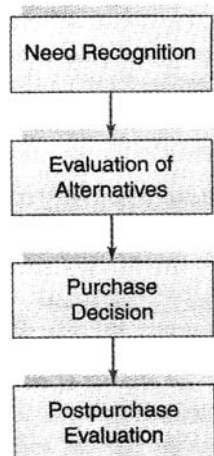
### Steps in the Decision Process

The process consumers go through in making a purchase varies considerably between low involvement and high-involvement situations. The generally recognized stages are highlighted in Figure given below. The stages are: (1) need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase decision, and (5) post purchase evaluation.

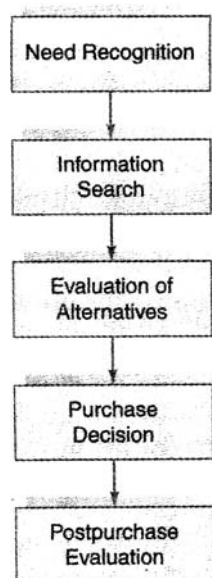
The **first stage, need recognition**, occurs when the consumer recognizes a need for a product. This need can vary in terms of seriousness or importance. The goal of advertising at this stage is to activate or stimulate this need.

The **second stage is the information search**. This search can be casual, such as reading ads and articles that happen to catch your attention, or formal, such as searching for information in publications such as Consumer Reports. Another type of informal search is recalling information you've already seen. Advertising helps the search process by providing information.

Low Involvement



High Involvement



The **third stage is evaluation of alternatives**. In this stage, consumers compare various products and features and reduce the list of options to a manageable number. They select certain features that are important and use them to judge alternatives.

**Advertising is important in this evaluation process because it helps sort out products on the basis of tangible and intangible features.**

The **fourth stage is the purchase decision**. This is often a two-part decision. Often, we select the brand first and then select the outlet from which to buy it. Sometimes, we select the outlet first. Is this product available at a grocery store, a discount store, a hardware store, a boutique, a department store, or a specialty store? In-store promotions such as packaging, point-

of-purchase displays, price reductions, banners and signs, and coupon displays affect these choices.

The **last step in the process** is the point where we begin to reconsider and justify our purchase to ourselves. As soon as we purchase a product, particularly a major one, we begin our **post purchase evaluation**. Is the product what we expected? Is its performance satisfactory? This experience determines whether we will repurchase the product, return it, or refuse to buy the product again. This process may be skipped in a low-involvement decision.

Even before you open the package or use the product, you may experience doubt or worry about the wisdom of the purchase.

**This doubt is called post purchase dissonance.** Many consumers continue to read information even after the purchase to justify the decision to themselves. **Advertising, such as copy on package inserts, helps reduce the dissonance by pointing out key features or how many product users are satisfied.**

In this chapter we identified several key audience traits and behaviors that are relevant to advertisers. Keep in mind that we haven't examined all possible traits and behaviors. Furthermore, those involved in the design and implementation of an advertisement may interpret these traits differently because everyone has his or her own perception of things. The key to successful advertising, then, is staying sensitive to the consumer. If all we know about our audience is what the computer printout tells us, we are unlikely to be effective communicators. Creative advertising requires both basic awareness and empathy.

### It's a WRAP Caught in the Net

The key to effective Advertising targeting, researching, and understanding your audience. Although it is impossible to know everything about the people with whom we communicate, the more we do know, the more likely it is that our messages will communicate effectively. Targeting, researching, and uncovering consumer insights that lead to message strategies must occur on an ongoing basis because as Southwestern Bell discovered, people's lives are always changing.

The Southwestern Bell second-line campaign was effective because it met its objectives and produced impact in several ways. First, sales of additional lines delivered a 20-percent gain over the previous year, a full 25 percent over the campaign's objective. Measured on the basis of revenue generated, the campaign returned \$7 for every \$1 spent on advertising. Second, a record 29 percent of the company's growth resulted from sales of additional lines to residential customers. In fact, more access lines were installed in the year of the campaign than were installed in the previous 10 years combined.

Southwestern Bell's "Second Line" campaign exceeded expectations. It opened new channels of revenue from the sale of additional lines and it contributed substantially to the company's access line growth. Because of this level of performance, this campaign was also picked - as a Gold EFFIES winner.

Low-involvement, my foot!

Harish Bijoor



The concept of 'high involvement' products relies on the belief that consumers pay more attention to high-priced items. This does not hold good anymore.

MY brand of blood (whatever it is) boils when I hear the best of practising marketing persons refer to products and categories as 'High Involvement' and 'Low-Involvement'. It is a worrisome trend when the best of marketing men and women alike fail to move away from the antediluvian tendencies of these two old words that brand practitioners have been wedded to for so many years. Is there anything that we use as a brand or a product category 'low-involvement' at all? Think.

The classic example of a low-involvement product is the humble toothpaste. The toothpaste is low-involvement because we use it so often, it is so inexpensive an item of purchase, there is a whole host of clutter in the category, and the consumer hardly spends too much of his grey matter on the purchase.

The even more classic example of a high-involvement product is that of the motorcar. The car that costs quite a bit, is once-in-a-lifetime kind of purchase, and something that makes the mind of the consumer do gymnastics before the purchase decision is made.

I say there is no product or service that is low-involvement. Everything we buy, use and want to use is high-involvement and very, very high-involvement at that.

The debate rages on. Practitioners and academics who believe the toothpaste is a low-involvement product category take several routes in buffeting their hypothesis. The big one is price. Toothpaste costs Rs 30 a purchase occasion and a car costs Rs 3 lakh. What costs Rs 3 lakh must most certainly be 'high-involvement'.

Wrong! Look at it this way. My way.

A tube of toothpaste costs Rs 30. A car costs Rs 3 lakh. A car does indeed look as if it costs 10,000 times more than the price of the paste at hand. But this is not true. The average Indian possibly buys a car once in a lifetime, but buys a toothpaste at least once a month. If that were to be true, good old Mrs Somanna buys into the tooth-whitening category at least 900 times in her lifetime. Multiply that with the price and Mrs Somanna is forking out as much as Rs 27,000 on her dose of toothpaste! And the car costs just about 10 times more than the toothpaste in her brand-besotted life!

Look at other categories then. You are most likely going to smoke away Rs 12 lakh in cigarettes that you will buy by the pack. Slowly, but surely! And that is four times greater in value than the car you bought!

The Parachute coconut oil in your hair, the Lakme lipstick on your pouting lips, the Chambor polish on your nails and the Dreamflower talc perfuming you is possibly more high-involving a category than that two-wheeler you bought the other day.

The reasoning of 'high-involvement' and 'low-involvement' products lie in an old concept that imagined that the human mind paid a lot more attention to products that cost more on a single purchase occasion. This proposition does not hold good anymore.

Take another jibe then. The mythical 'high-involvement' product is bought rarely and once in a lifetime. The decision-making process is possibly longer. The parameters sought to make that decision might indicate that a great deal of caution is exercised in this decision process. The time to decision is long as well. The research involved in purchase-decision making is laborious as well. But all of this does not mean that the category is really 'high-involving'.

Look at it from the perspective of the market-watcher. A buyer of toothpaste buys into the category at least 900 times in a lifetime. These are 900 purchase-touch occasions for the consumer and the brand. Nine hundred possible occasions when the consumer can exhibit his classic decision-making matrix on the repurchase. Nine hundred real occasions for the consumer to wander away from pre-decided brand choice.

The reality lies in the fact that the consumer makes a very quick decision on every one of these 900 occasions. Toothpaste is a high-involvement category, really. The decision he or she makes will decide the state of his or her dental hygiene and well-being. The consumer makes the choice every time, in a nano-second. But don't for heaven's sake ignore the value of this decision-making process. It is quick, but nevertheless traverses the decision-making process that all of us follow so meticulously in the purchase of a high-value car. Literally, every bit of it in fast motion.

The debate on 'high involvement' and 'low-involvement' products will rage on. Even as this rages, it is important for the brand manager to understand that the low single-purchase value of a brand does not make it 'low-involvement'. Instead, it makes the category a tricky one to survive in and dominate. Brands that face the consumer purchase occasion more in their life cycle are much more prone to brand-substitutability. The consumer does indeed have that many more occasions in the low single-purchase value category to be brand-promiscuous.

On the contrary, once you buy a car, it is indeed quite a bit like your long-time marriage. For good or for worse. 'Till death do us part'. Touche!

(The author is a brand domain specialist and CEO of Harish Bijoor Consults Inc. Feedback can be sent to [bleditor@thehindu.co.in](mailto:bleditor@thehindu.co.in).)

Lets make our mind work lets do this case

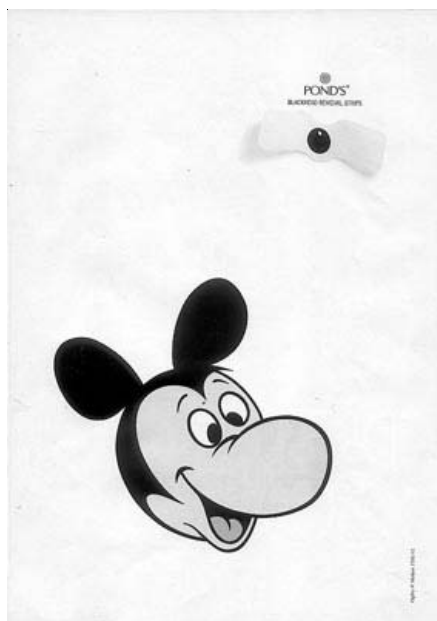
<p><b>Women and the Web</b></p> <p>The personal computer, the cellular telephone, cable television, and the fax machine, once novelties, are now crucial to many people's daily lives. The Word Wide Web's burgeoning importance is leading marketers, advertisers, and publishers to explore this fast – changing medium.</p> <p>Estimates of the number of people who use the Internet vary widely. Some experts estimate that the 1999 nearly 100 million people in the United States ( nearly 40 percent of all crease to 150 million people by 2005. In Europe, approximately 30 percent of the population uses the Internet.</p> <p>The biggest news on the Internet is women. Some 40 percent of online users are women. These women are prime advertising prospects because women account for 70 percent of retail sales. The average woman online is 41 years old, with 'a household income of \$63,000; she is online at least 6 hours a week. Some 64 percent of these women work full-time and 54 percent have children.</p> <p>What retakes these women click? New products are the primary motivation for clicking on banners (74 percent) and visiting new Web sites (79 percent). These women are both early users of the technology and, more importantly, opinion leaders.</p> <p>What .are they looking for? The deceptively simple answer is relationships. Men focus on transactions, whereas women thrive on making personal contacts. Given that fact, an online consulting firm, NetSmart, offers six strategies to enhance connecting with women:</p> <p>. Initiate the relationship by letting the woman know that you understand why she is there.</p> <p>Nurture the relationship by making it easy for women to find exactly what they are looking for.</p>	<p>. Sustain the relationship by giving women a reason to return.</p> <p>. Investigate the relationship by using value-added extras such as contests or rebates.</p> <p>. Deepen the relationship by constantly asking online questions about the consumer's interests and lifestyles.</p> <p>. Extend the relationship by contacting the customer through additional media such as direct more fax..</p> <p>"Women are a very, very important economic force," notes Candice Carpenter, chairperson and CEO of village. "Whoever captures their online hearts and minds early on will have a significant advantage over time."</p> <p>Analysts agree that women could help push nontraditional Web advertisers such as packaged goods companies into more online advertising. 18</p> <p>But will this information about women and the Web be valid for long? A new study by NetSmart indicates that there is a direct correlation between the length of time users have been online and how much they buy online. (Trailblazers are those who have been online 3 or more years. Newbies are those who have been online less than 3 years.) NetSmart offers predictions of what marketers can expect in 2001 as 13 million Newbies evolve into experienced, confident users. Initially, Newbies view the Internet as a toy. As the novelty wears off, it becomes an invaluable time-saving tool. Research indicates a great many shopping differences between Trailblazers and Newbies.19 .</p> <p>IT'S YOUR TURN</p> <ol style="list-style-type: none"> <li>1. What other factors could be used to characterize women online users?</li> <li>2. What risks are associated with using the information provided in this case study?</li> </ol>
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## LESSON 22:

DEFINITION, PURPOSE AND OBJECTIVES OF BRANDING, BENEFITS, CONCEPTS, BRANDING STRATEGIES – BLANKET, FAMILY, INDIVIDUAL, MULTI-BRANDING, BRAND EXTENSION, OWN BRANDS, SITUATIONS WHEN BRANDING IS INAPPROPRIATE, BRAND EQUITY, BRAND EVALUATION TECHNIQUES

### Objective

Students by the end of this lesson you should be able to answer questions related to definition, purpose and objectives of branding, benefits, concepts, branding strategies – blanket, family, individual, multi-branding, brand extension, own brands, situations when branding is inappropriate, brand equity, brand evaluation techniques



To start with let's first define what is a brand.

**Before that answer this question what is Mercedes Benz or Nirma are they brands or products?**

You will say obviously brand, my next question will be what kind of brand is it regional, national or international? But hold yourself and don't be anxious to answer this question. Like this there are chain of questions that can be questioned and you can answer them but let's first move and understand the concepts better so that you can apply them in right manner.

**So first we will start from what is a brand?**

In fact this word brand is quite comprehensive, and covers several other narrower terms.

### A Brand is Defined

"As a name, term, sign, symbol or special design or some combination of these elements that is intended to identify the goods or services of one seller or a group of sellers. A brand differentiates these products from those of competitors"

(American Marketing Association, Chicago).

- Brand name is that part that can be spoken, including letters, words and numbers, i.e. 7UP.

Brand names simplify shopping, guarantee a certain level of quality and allow for self-expression.

- Brand mark-elements of the brand that cannot not be spoken, i.e. symbol
- Trade Character i.e. Ronald McDonald, Pillsbury Doughboy
- Trade mark-legal designation that the owner has exclusive rights to the brand or part of a brand. 1990, US Patent & Trademark Office had 680,000 trademarks registered, 56,515 new in that year.
- Trade name-The full legal name of the organization. I.e. Ford, not the name for a specific product.

Finally you can say that a brand is a promise of the seller to deliver a specific set of benefits or attributes or services to the buyer. I think for each and every individual in this class brand represents some level of quality. Irrespective of the fact from whom the brand is purchased, this level of quality can be expected of the brand.

Let's not forget that a brand is much more complex. Apart from attributes and benefits, it also reflects the following.

### Application Exercise

Naming a product (or company) doesn't appear to be a difficult task, but it is! Try your hand at it individually or with a class team. The product is completely new to the Indian market. It is microwave that heats or cools at the flip of a switch. Place a cup of water inside and it will either heat to boiling or cool to ice in a matter of seconds. What are you going to name this revolutionary new product? Brainstorm with several others in your class and bring the best product name to class.

Before discussing other concepts let's first understand the basic concepts of it like

**Values:** The values, which govern a producer, are reflected by the brand, thus Tata stand for quality, fair price and so on.

**Culture:** A brand also represents a certain culture, e.g., Coke is an icon of American culture, while Shilpa Bindis are typically Indian.

**Personality:** A brand projects a personality. Had the brand been an animal or an object or a person, what would come to our mind?

Like Videocon suggests a lion, MRF suggests a muscle man and Rin suggests a lighting flash. Sometimes a brand may take on the personality of an actual person, e.g., Charlie Chaplin and Cherry Blossom.

**User:** The brand suggests its own target audience. We know what a Garden Woman is. We know that Sunny is for teenagers. We expect a Mercedes to be driven by an executive or a top-class businessman. These users correspond to the values, culture and personality of the brand. Because of the imagery associated with the brands they actually have the power to enhance or limit a consumer's perceived image or self-image.

Before moving ahead just go through this article

## The Desi touch of foreign brands

Madhukar Sabnavis | April 04, 2003

**Flashback 1985:** India had only terrestrial TV channels — controlled by the government. International magazines came into India weeks after their release abroad. Indians travelled abroad mainly on work — only the super-rich affording holidays overseas. And foreign brands were prized possessions brought back or imported from abroad.

**Cut to 2003:** The bombings of Baghdad, the Oscars in LA, the Miss World pageant in London — are all witnessed live, simultaneously by Indians and their global counterparts. International magazines now have Indian versions.

Foreign holiday travel is now big business in India — travel agents offering attractive, instalment packages to even far away places like China and New Zealand. (Holidays to South-East Asia are today cheaper than long distance holidays within India). And most foreign brands are now readily available in India.

India has changed. The economic liberalisation in 1991 has brought the world into India, and transformed the life of the consumers in the country.

Foreign direct investment in the country has grown from \$97 million in 1990-91 to \$3,905 million in 2001-2002, being over \$2,000 million every year since 1995-96. And India is seen as a potential big market for numerous companies abroad — China, the only other market, being rated higher and bigger.

Simultaneously the Indian consumer has globalised — in thinking and in living. Three factors have contributed to this globalisation.

1. **Media:** Satellite television has brought the western world into the Indian homes. And thus exposed the average Indian to new lifestyles. Subliminally, many erstwhile taboos (e.g. dress) have been broken and newer styles made acceptable.

In fact, channels like MTV and Channel V, have actually brought the teenagers in metros and small towns closer together — their aspirations and icons are the same.

2. **Travel:** As more and more Indians go out of the country for study, work and leisure, the Indian is exposed to and gets first hand experience of a world and life, which is different from what he has in India.

Thus bringing back those ideas and expectations into this country and into his life here. Suddenly his world-view is no longer dictated by his town or country, but the globe!

3. **Brands:** The sheer entry and presence of international brands in this country over the last decade has created a paradigm shift in the availability and accessibility of products and services in the country.

And this has automatically resulted in a quantum jump in the standards of quality and style. A car market that had just 3 brands in the 80s, has nearly 20 brands today jostling for mindshare.

And the entry of fast food service brands like McDonalds and Pizza Hut have redefined service expectations.

Thus the Indian consumer's awareness, knowledge and desires are driven by a larger canvas than by what's just there in India. Does this mean he is now one more member of a global market?

With a population of 1 billion (one-sixth of the world's), the key question for marketers is whether India has become part of a global mass or is a distinct segment within that global mass.

The quest for global solutions will always remain attractive. Two realities drive it.

**Practical reality:** The temptation of economy of scale is hard to resist. As a brand moves from market to market, there is a tendency to avoid reinventing the wheel and draw on mixes and lessons from the existing market and transpose it into a new market.

**Conceptual reality:** In the end, we are all human beings with the same basic motivations. Maslow reduced them to five basic drives — sustenance, security, social, self-image and self-actualisation.

Interestingly, all product markets — tea to liquor to paint to cars — can be reduced to four basic segments — price conscious, value seeking, status conscious and connoisseur.

The globalist will argue that had India not been integrated into one country by Sardar Patel in 1948, we would have perhaps been debating today whether a unified brand or communication would be possible for the multiple countries that India could have become.

On the other hand, 50 years later, there are very few brands that are number one in every Indian state! And more and more brands are today planning to go regional in their communication and product offerings.

A clear indicator that painting the whole of India with the same brush is not the most effective way of best tapping the diverse Indian market!

Films provide an interesting lesson for a marketer. A Titanic or Die Another Day dubbed in Hindi reaches a larger market than only an English version. But to actually involve the masses, Hollywood needs to be adapted for the Indian milieu. The success of Dil Hai Ki Manta Nahin (adaptation of It Happened One Night), Hum Hai Rahi Pyar Ke (adaptation of Houseboat) and Pyar To Hona Hi Tha (adaptation of French Kiss) are a testimony to this theory.

In the last decade, some multinationals have got things right by design and others by trial and error. And the learning is there to draw upon.

McDonalds has retained its basic core of 'food, fun and family' but adapted its menu (vegetarian options with 'McAloo tikki burger') and advertising (very local) to touch the Indian consumer.

Pizza Hut has introduced tandoori and paneer options in its selection and again Indianised its message.

The colas, after initially adapting international commercials with Indian stars, have now hit on retaining the international brand essence and doing executions typical of India.

And the latest Coke campaign can't get more Indian — picking the very Indian expression of thanda for a soft drink and



owning it with very local expressions, clearly recognising that Indians are different.

Even Ford created a Josh Machine concept to make the 1300 cc sedan more appealing to the Indian buyer — rather than import executions readily available from the United States.

There are technology brands that have managed to import international advertising and run them in India fairly successfully.

IBM, Intel, Nokia — all have created slots for themselves using foreign advertising. Clearly, where benchmarks are international and addressing only the top end of the market is important, global seems to go down well.

Clearly 'East is east, and West is west and the never the twain shall meet.' Geographies are man-made, but have over centuries created cultures that are distinct and difficult to marry.

While basic human values may be the same across the globe — attitudes, beliefs and behaviours vary and these are what influence consumer reactions to messages and products. And thus to brands!

Interestingly, as we move from East to West everything changes, from basic looks to food tastes to clothes to language.

Men become small (Japanese) to large to extra large (Americans); staple food changes from rice to wheat; main beverage from tea to coffee, and clothes from colourful to blacks and whites.

And language from Mandarin to Sanskrit to Roman- based. Even philosophically, the Easterners and Westerners are different.

The Occidentals see life as a problem to be solved; when he reaches the Everest summit, he feels a sense of achievement — he has conquered the peak.

The Orientals see life as a mystery to be discovered; reaching the Everest is feeling blessed — he has been accepted. In short, people across geographies are not the same.

With globalisation, the Indian's lifestyle will change and so will his product and brand expectations, but at heart he will remain an Indian — distinct from his global counterparts.

So Theodore Levitt's 'global markets, global consumers, global brands' need to be understood with caution. Just transferring global norms/mixes has its pitfalls.

Something marketers should recognise and accept.

Something worth thinking about.

The writer is Country Manager — Discovery, Ogilvy and Mather India

Check your Understanding

- Why are people willing to pay more for a branded product than an unbranded one?

Branding Decisions

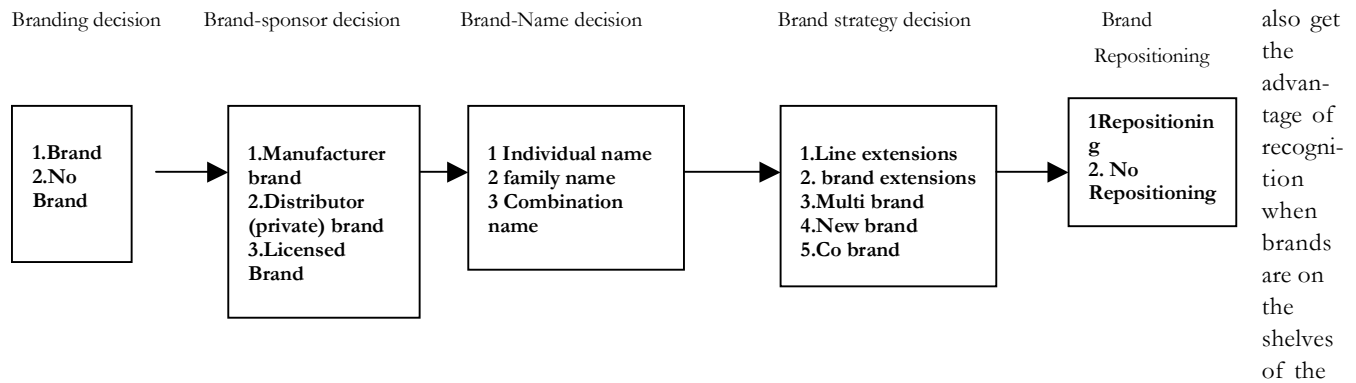
Say how many times you have heard your grandfather saying that they will only buy branded products. Or say how many times you have seen your grandfather conscious of brand when he goes and buys a pair of foot ware.

If we talk about olden times most products were unbranded. Producers sold goods or commodities to fulfill our core or basic needs like taste, hunger or energy. I hope all of you are aware that the products did not have any identification mark on them in olden days.

- The first step towards branding a commodity is to package it, like rice, papad, salt, Water, for example, used to be sold as a commodity. Today most mineral waters are sold as brands. The company enhances the value of the commodity functionally.
- It was formally started by craftsmen when they presented trademarks on their products to protect them against inferior quality. Similarly Painters started signing their art works. Pharmaceutical companies were the first to put brand names on their products. Today hardly anything is unbranded.
- Products from unorganized markets like vegetables, slat, fruits etc. are unbranded. But now we have branded salts and atta too. Venky's has branded chicken successfully. In spite of a brand movement, products have been demanded in generic, unbranded form in pharmaceutical and staple consumer goods sector.
- When commodities are branded, they have to counter the retailer resistance, who get greater pricing freedom when they are unbranded. Along with this, there is consumer resistance — a housewife loves to select food grains, clean them, ground into flour. A readymade Captain Cook or Tupti atta deprives her of all these sentimental actions.
- If we are successful in lessening the consumer resistance there arises a demand. The pull effect compels the retailer to stock the brand and his resistance also comes down. Consumers want a good value for money from a branded commodity.
- Functional products and commodities take less to branding than inspirational products.
- Manufactured products are branded easily, whereas it is not so for agricultural ones. Of course, a commodity can evolve into a brand in stages.
- Branding evolves through stages — a commodity, a functional brand, a high value added brand and a premium product. Pads were used as sanitary napkins. The next improvement was belted napkins. It was followed by beltless napkins. We now have dry-weave napkins. The consumers are expected to adopt each of these product versions one by one, as they come in the evolution of brand.
- However, it may so happen that the aspiring middle-class with high disposable income leap frogs into the high end brands like "Whisper" and "Ariel."
- While branding the products, an attempt is made to go beyond mere functionality.
- Brand equity is to be built up by advertising appropriately to reduce the initial consumer resistance.
- Do you know that you can make the low involvement product into high involvement product by emphasizing on certain situations, like Cease Fire demonstrated how a family's bliss can be shattered by a sudden fire. Sometimes,

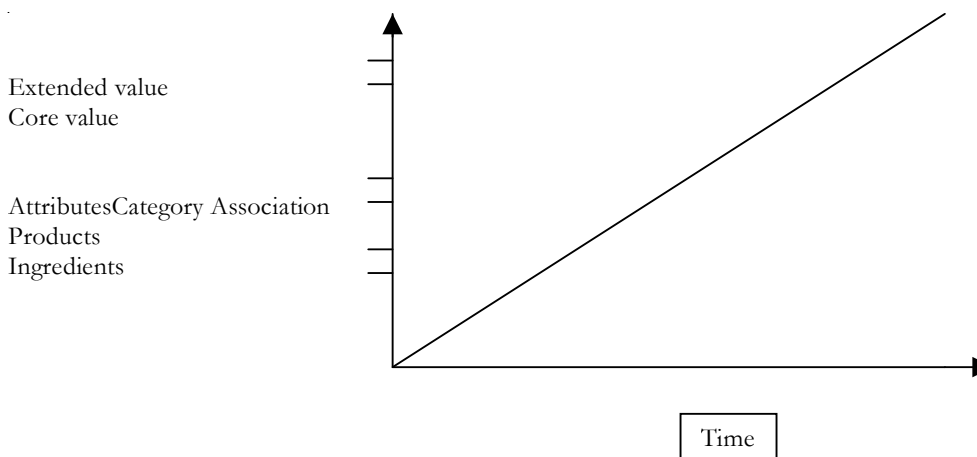
non-functional elements like fun are emphasized, e.g., Captain Cook salt. Textiles are sold on imagery and not on functional appeals. The brand becomes aspirational. Benetton ads do just this. The brand then becomes an icon – it stands for something.

- The core need of clothing is satisfied by a set of product classes – jeans, shirts, dhotis. If we consider two-legged garments only, we have a choice between trousers and jeans. Jeans are denim blue material, with rugged cuts, metal zippers and buttons and is a tough piece of clothing. This product is augmented by giving fancy pockets, double stitching, wider range and designs, and is associated with youth and machoism. The augmented product takes the brand name of FM jeans. Brands thus help to make a personality statement.



## Branding

Let's now move on to the evolution of brands. Basically brands start off as products made out of certain ingredients. Over a period of time, brands are built through marketing activities and communications. They keep on acquiring attributes, core values and extended values.



Despite the branding, consumers may treat a certain product as a commodity like cement, since the price is the same for all the brands and all of them have established the same identity. To begin with, just a little value addition like packaging makes a commodity a brand but when all competitors do the same thing, there is the danger of the brand again switching back to

its commodity status. Many consumers prefer lower priced generics, which are sufficiently satisfying.

**Generic products** are a challenge to high – priced brands and weaker brands. Some companies cut their prices to competitive with generics. It is desirable.

As we have already observed, branding makes things easier for consumers to identify products and services. Brands ensure a comparable quality when products are repurchased. Brands simplify your shopping.

Choosing a commodity is far more complex than choosing a brand. Commodity selection is based on rational left-brain logic. Brands have emotive associations. They can be chosen on a more holistic basis involving parallel left and right brain processing. The firms find that brands can be advertised. The

firms also get the advantage of recognition when brands are on the shelves of the retailers. There is no confusion between branded products amongst consumers. Branding makes price comparisons difficult. Good brands help build a corporate image. Branding gives added prestige to the marketer. Branding also gives legal protection to the seller. Brand loyalty protects a firm against competition. Branding enables a seller to segment the market. The distributors prefer branding as an identification tool for vendors, as a convenient tool to handle the products, and as a guarantee to certain production standard. These are some of the factors which encourage sellers to brand their products though branding is a costly proposition, involving the costs of packaging, labeling, advertising and legal protections.

The firms have to carry out two onerous tasks once they decide to brand – promoting the brand and maintaining a constant quality. If these two requirements cannot be met, products are better left unbranded. Branding decision is related to the nature of the product and the trade channel is involved. The sophistication of the distribution channels is conducive to branding. The opening up of a vast national market also augurs well for branding. Brand development and personal disposable income have a positive correlationship.

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### Who will be sponsoring the Brand?

We have already discussed why it is advantageous to brand the products. The next important branding decision is about the sponsorship of the brand – whether it is going to be manufacturer's or national brand or it is going to be a middleman's brand. In countries like the US, this is a very important decision, owing to the presence of large departmental stores and super-markets. In India, mass retailing has still to register its presence. Middleman's private brands in India are still restricted to co-operative superbazars and NCCF (National Consumer Co-operative Federation). Some retailers have brand names in the product category of sarees. In the US, manufacturers may produce some output under their own name, and some under distributor's level. Private label brands in the US wage a constant war with the national brand.

### Franchising

The focus today is on franchising. Franchising deals are therefore becoming the order of the day. There are many American companies who have shown interest in launching their brands in India by franchising like Walt Disney Consumer Products (WDPC) has entered into licensing agreements with many prominent marketers for the use of its Disney characters on a range of products. They computer education Network, NIIT has opened 93 centres across the country in a span of 10 years. Out of these, 7 centres are run by NIIT itself, while 64 are franchisees.

Franchising has reduced the need of large investments. The franchisee gains by tying up with an established brand. Financing becomes easier, since goodwill of the present company backs up the franchisee. The marketing costs are borne by the franchiser. The franchisee has a finger on the local pulse. He can adopt faster to market needs. Holiday Inn Worldwide earns 3 per cent royalty on gross room revenue. It takes care of the marketing and advertising costs for all its franchisees.

Growth of franchising is related to growth of branding. For high-income consumers, brands are reflectors for showing their affluence and status.

### After the discussion on franchising lets move on for to Brand Names

The company has to choose its brand name strategy. Each product can have a separate brand name, or one family name can be extended to all the products. Philips follows the family brand name strategy. Hindustan Lever brands the individual products. Let us consider the pros:

### Family Brand

- It is cost effective in as much as it reduces product launch costs and also the promotional expenses incurred on a continuing basis. The success of one brand when well promoted gives a push to the entire product line. Management of trade channel also is easier.
- For products of uneven quality, this approach is a dicey proposition. Even in markets showing variations in consumer profiles, this approach is not useful.
- Each product is denied a special identity, which can go a long way to make it click.

Like **Nokia** is a corporate or family brand. There is no sub-branding and the individual products are merely defined by numeric descriptors such as 5110, and even these do not appear on the product itself. Yet, the brand has leapfrogged most of its competitors like Motorola and Ericsson. Even in technology-based businesses, a company can have a brand strategy.

### Individual Brand

- Individual brand invokes associations and imageries. These psychological factors influence the buying decision.
- Even if the product fails, the effects are restricted to that product only. They are not transferred to the whole product line.
- Costlier strategy.
- No benefit to the brand of the organization's reputation.

### Modified Strategy

These days' companies tend to brand the products individually, but also give prominence to the company's name or logo in all promotional efforts and product packaging. Some companies adopt brand extension strategy, by introducing similar or dissimilar products, e.g., Nirma toilet soaps. Some organizations decide several brand names of the same product where each brand has its own following. The brands compete amongst themselves. Soap manufacturers follow this strategy. Al ries and Jack Trout are against brand extensions. In their opinion, brands are not dying – the companies are killing them through mindless line extensions. When a company line extends, it weakens itself. Product categories can be given extensions, e.g., gel pastes, detergent ultras, puri-gerators. Telephone directory reclassified becomes Yellow Pages. It is more than mere positioning. It is creating a new product category with just an extra push. Tinker in the lab and let the brand or product plus emerge, e.g., gel, cologne soap, micro system, germi check etc.

The choice of an individual brand name is the next important decision. The choice is not so easy. There are really few good brand names. As a wit has aptly remarked, "Searching for a brand name is like search for a wife – there are lots of choices, but the best ones have already been taken." Sometimes, brand names are based on a person's name, e.g., Honda Estee Lauder, Khaitan. Brand names can be based on locations, e.g., Indian Airline, Kentucky Fried Chicken. Brand names can suggest an important product attribute, e.g., Duracell. There are brand names which suggest a life style, e.g., Fleet Footers. EXXON and Kodak have an interesting history behind them. When ESSO found it necessary to change its name, the computer was fed with various vowels and consonantal combinations, and 44,990 four letter and 500,000 five-letter combinations came out. EXXON was finally chosen because it is distinctive and has graphic design possibilities. Kodak was coined by George Eastman in 1888 because he liked the letter 'K' and wanted a name which could not be misspelt.

### Characteristics of a Good Brand Name

A good brand name should possess as many of the following characteristics as possible

- It should be distinctive:** The market is filled with over-worked names and over-used symbols. A unique and

distinctive symbol is not only easy to remember but also a distinguishing feature. “Northstar” shoes have a distinct name.

- ii. **It should be suggestive:** A well-chosen name or symbol should be suggestive of quality, or may be associated with superiority or a great personality. The name VIP Classic for travelers is suggestive of a superior quality for a distinct class of people. Promise is suggestive of an assurance of tooth health.
- iii. **It should be appropriate:** Many products are surrounded by a certain mystique in the minds of the consumers. Carefree is an appropriate brand name of a sanitary towel.
- iv. **It should be easy to remember:** It should be easy to read, pronounce and spell. Tide, Surf, Gold Spot are examples of such brand names.
- v. **It should be adaptable to new products:** Videocon is was good brand name for TVs and VCRs but when it is extended to refrigerators and washing machines, some of the sales appeal is lost. Hotline was a good name for gas stoves, but definitely not a suitable name for TVs.
- vi. **It should be registerable** under the Indian laws of Trade Marks and Copyrights.

Mostly a company develops several names for a product and makes a choice later after debate and discussion.

#### Generic Usage of Brand Names

Sometimes, a brand name becomes so successful that it comes to be associated with a particular product category, e.g., Dalda is a brand name commonly used for any vanaspati ghee. The brand names then do not remain distinct and become generic. Cellophane, nylon, fiberglass, celluloid, Kerosene and aspirin have thus become generic. Xerox and Band Aid are not yet legally generic, but they have been so well promoted that many people just use them generically. Though each firm strives to have a popular and preferred brand names, it does not like it becoming generic. It is a tight-rope walk.

To protect against such generic use, a brand name can be combined with a company's name, e.g., Eastman Kodak. A brand name can be combined with a generic name, e.g., Dacron polyester, Dabur Chyavanprash.

#### Generic Brand

A brand that becomes generic becomes a product category, and no longer remains a brand. Frigidaire is GE's brand. But now we call any refrigerator a 'fridge' so it has become generic. Other well-positioned brands have overtaken Frigidaire, and it is no longer a market-leader. Dalda Vanaspati has become generic. It is now again trying to lose its generic label. Though consumer asks a product by the generic name, he ends up buying a brand that offers attractive benefits. The generic brand sits on the shelf.

#### Notes



## LESSON 23:

DEFINITION, PURPOSE AND OBJECTIVES OF BRANDING, BENEFITS, CONCEPTS, BRANDING STRATEGIES – BLANKET, FAMILY, INDIVIDUAL, MULTI-BRANDING, BRAND EXTENSION, OWN BRANDS, SITUATIONS WHEN BRANDING IS INAPPROPRIATE, BRAND EQUITY, BRAND EVALUATION TECHNIQUES

### Objective

Students by the end of this lesson you should be able to answer questions related to definition, purpose and objectives of branding, benefits, concepts, branding strategies – blanket, family, individual, multi-branding, brand extension, own brands, situations when branding is inappropriate, brand equity, brand evaluation techniques

This lesson is in continuation with our earlier class where we have discussed about branding basic concepts. In this lesson our focus will be on strategies.



Before starting the lesson I want all of you to go through this [article](#)

### Branding Strategy. Ten steps to building your brand

Small business owners need to find ways to differentiate themselves and appeal to their target audience in new ways, and that means building a brand.

Enterprise Magazine

#### 1. Treat your customers with the utmost respect.

Gone are the days when companies could patronise their consumers. People these days are more creative, more selective, and they feel more empowered. Witness for example the increased brand promiscuity in financial services. People are also deluged with information and opportunity. The brands they select and build relationships with are those who treat them as intelligent adult partners, not witless infantile drones. If you want these people as your customers, your branding strategy must acknowledge this.

#### 2. Be a customer-focused brand, but not a customer-led one.

This doesn't contradict the previous point. People need to feel that organisations are providing them with products that deliver real benefits, and with services that help make their lives easier. But they won't be your creative department when it comes to working out exactly what these things are. That is your responsibility. Remember, no one begged for alcopops, or premium adult ice-cream. But they sure picked up on these things when they were dreamed up and offered to them. A customer focused brand should pre-empt customer desire for these products through knowledge of their customers.

#### 3. Don't get obsessive about a slogan.

When trying to build a brand, people often get obsessed with creating strap lines, and coming up with catchy signature phrases. Nice if you stumble upon a great one, like "Just do it". But they're not necessary to build a great brand. Sceptical? OK then, name me the "lines" for brands like: Microsoft, Mercedes, Vodafone, Virgin Atlantic, Persil, McDonald's.

#### 4. Remember your brand's place in people's lives.

People are busy. They don't respond well to brands which have lost that human perspective, and are the equivalent of the saloon-bar bore. However, they do respond well to a brand that clearly "knows its place" in people's lives - a brand that spells accessibility, flexibility, humanity, and often a sense of humour. Allow the customer to have a major say in how and when he drives the brand relationship. And move from traditional CRM to CMR (customer relationship management to customer-managed relationships).

#### 5. ESPs are more powerful than USPs in brand building.

It's difficult to create a genuine unique selling point these days. It's even more difficult to keep it unique. If it's a good one, the competition will follow. There's a further issue - own label brands are often stronger than branded brands. I remember once talking to a marketing person at Shell. "Who's your key competition?" I asked. "Easy," he said. "Esso, BP, Texaco. To a lesser extent Jet and Elf." When I asked him where Tesco stood in all this, he gave me an old-fashioned oilman's look. You can build genuine, enduring differentiation through an esp (emotional selling proposition). That's essentially about a distinctive and attractive personality, with which people feel they can engage. Customers want to know: "Do I like these people?"

#### 6. A brand needs a seat at the high table.

You won't build the brand you want unless the entire company is aligned. And that's not as simple as it should be. First, there's the over-arching responsibility of every chief executive to maximise shareholder value. Which all too often is measured only as far as the next six month's numbers, not in terms of prospects for the next six years. Hats off here to

the Halifax, for reworking the interest structure in favour of its account holders. That needed boardroom support. There's a second point here, which becomes evident if you talk to hi-tech companies. The boffins are invariably doing extremely clever stuff. Problem is, this is often entirely tangential to their prospective customer's day-to-day lives. Far better to ensure all development work is within a clear brand agenda.

7. If your own people don't get it, no one will.

A simple point that's often overlooked - especially in service companies. Real brand reputation is created at the point of delivery. If your own people don't know the strategy and agenda and understand the central role they play in building your brand, it won't be delivered. So have very clear internal processes which inform and involve the front-line staff.

8. Brands are primarily what you do, not what you say.

It's more than just having motivated people at the point of delivery. It's also about demonstrating the brand's commitment - launching new products that make the point. Examples include the BA flat-bed in long-haul business class, and Tesco's returns policy. These can reach beyond the traditional provision of better products and services. "Good citizen" sponsorships which are clearly of value to the communities they serve can be very potent in building a customer conscious brand. A standard-bearer was Texaco, with its child safety activity in the late 80s.

9. Be consistent with your brand's presentation.

There's been a lot of talk about integration. Quite right too. Strong brand building needs cohesive communications and delivery. Yet the most likely breakdown of the alchemy that represents a powerful brand is inconsistency of approach. Not only mismatch between rhetoric and reality, but also different messages, with different tones, personality and core values disseminated and therefore consumed through different channels. And there are now plenty of those channels. Online and offline, paid and unpaid media, broadcast and narrowcast... the list goes on.

10. Stick with it.

Brand-building needs to transcend the rational. It is a head-and-heart thing. If there was a logical equation, everyone would be brand leader. However, it's not physics - it's alchemy. Resist the temptation to chop and change. Evolve, progress, innovate, grow - but always remember to nurture the brand.

### Brand Strategy Decisions

A Company has four choices in respect of its brand strategy:

- i. **Line extensions:** Extend the existing brand name in the existing product category.
- ii. **Brand extensions:** Extend the brand name to new product category.
- iii. **Multiple brands:** Have new brand names in the same product category.
- iv. **New brands:** Invent a new brand name for a new product category.

The following diagram illustrates these four choices:

		PRODUCT CATEGORY	
		EXISTING	NEW
BRAND NAME	EXISTING	LINE EXTENSION	BRAND EXTENSION
	NEW	MULTIPLE BRANDS	NEW BRANDS

Most of the new products in the day-to-day use and grocery products are line extensions. A few are brand extensions. A few new brand names appear in both multiple brand strategy and new brand strategy.

**Line Extensions:** Here the company introduces additional items in the same product category, keeping the brand name same. The additional items may be of a different size (say a 150 gm cake of Palmolive Soap). There may be a new form, say Liquid Lifebuoy Soap. The additional item can be of different colour say, a lilac soap instead of a white soap. The package may be different, say a sachet of a shampoo. Some additional flavours can be introduced, say Brown & Polson Custard Powder is now available in chocolate and with elaichi flavour. There may be added ingredients, say, Lifebuoy Gold. Lux is available in three skin types, say for normal skin, dry skin and oily skin, making it "your kind of soap for your kind of skin." Line extensions can be innovative, or "me-too" or may be void-filling. Most of the new product activity is of line extension type. Line extensions offer a variety to the customers. An advantage can be taken of consumer's latent need. Or else, a competitor is to be matched in terms of its offer. Line extensions also allow a company to command more shelf-space at the retail level.

Line extensions can be made available through a specific mix of trade channels, e.g., lower end products are available at general stores and higher end products at a few specialized outlets.

Line extension, though very popular, is not without its drawbacks. The specific meaning of a brand might be lost by heavy extensions. Ries and Trout are against line extensions. Today, Coke in India means a 300ml bottle of the real thing. Say, an extension brings a 500 ml and 1 litre bottle. Again, a can may be introduced. Perhaps, there may be a diet Coke later. All this may become confusing. Besides, what is the guarantee that all these extensions will have sales sufficient to cover the costs? Even additional sales may be at the cost of other items in the line. Line extensions work only if the sales are taken away from the competitors. Mostly, they eat up the sales of our own brands.

### Brand Extensions

An existing brand name is extended to a product being launched in a new product category. Honda is a brand in the field of motorbikes. The same brand name is given to products in the field of lawnmowers, and marine engines. Brand extension works well for rubbing off the success of established brand names to new products. The new product, therefore, finds easy acceptance. However, if the new product is not

satisfactory in performance, it might affect the reparations of the company's other products. Most of the times, brand name may not be appropriate for the new product category. While brand extending, it is advisable to see how the associations of the parent brand are consistent with the extended brand.

### Multiple Brands

The strategy is employed to saturate the market. Additional brands are introduced to cater to the different segments, e.g., P&G's Tide is for soiled clothes and Draft is for gently clothes. P & G produces nine different brands of detergents. Sometimes, flanker brands are introduced to protect the major brand, e.g., high-priced Seiko watches are protected by introducing low-priced Pulsar watches, which are flanker brands. Multiple brands offer us price flexibility. A competitor's 'fighting brands' are so priced that they beat those of the competitor. This way the main brand is protected, and its price is not cut. Multiple brand strategy may not allow the company's resources to be focused. They may get dissipated over a large number of brands.

Besides, if each brand has a small market share, the overall profitability may get affected. Our brands should affect the competitor's brands, and not the other brands of our own. Sometimes, a company gets a legacy of new brands in the process of acquisition. Thus Coca Cola got the Thums Up, Gold Spot and Limca brands.

In India, consumer durable are showing stagnant demand. Companies have to launch several brands at different price points either with one mother brand as umbrella brand, and several differentiated sub-brands or a separate new brand like Evelux TV from BPL or Akai and Sansui from Videocon.

### Multi-Branding

In the market place of today, there is a virtual marketing warfare where brands fight with one another on the basis of quality, reputation and market share. Marketing strategy to a large extent is defined by brand strategy. Multi-

branding approach is a measure adopted by many FMCG companies, followed by consumer durable and service sector companies to survive in the competitive environment.

A company must first identify its core brand, which delivers the largest volume and highest cash flow. In a sense, it is the market leader. Our effort should be directed towards the protection of this core brand, by creating one or more smaller product categories to protect the flanks, after strengthening the top and the rear with a slew of other aggressive products. HLL follows this strategy to market Lux by creating other soaps like Jai to product it. Colgate follows multibranding strategy to guard its main product Colgate Dental Cream. Videocon protected itself by creating Bazooka as a top-of-the line product and introducing Toshiba. It protected

the brand in all size and price categories by introducing private. Sansui protected its flanks. In this process, the core brand tends to get compressed over a medium-to-long-term period, leading to gain in the market share of other brands. But as the production capacities are shored up, the brand shares get fragmented, leading to an overall consolidation of the core brand. Multi-branding can be practiced by segmenting the market on socio-economic parameters e.g. Raymond as a core brand is surrounded by Park Avenue for professional, Parx range of casuals for youth and manzoni, to-of-the-line range of ties, suits, and jackets. Multi-branding is a strategy followed by big players.

### New Brands

To make brand names more appropriate, a company puts a new brand name when it enters a new product category. A new brand again has to be built up, and this is quite expensive. It should be considered whether the sales and profits estimated for the new brand justify it.

### Key Role of any Brand

A brand does not merely satisfy a need of the consumer. It is no use force-fitting a brand to the consumer. A consumer as such has aims, ambitions, motivations, drives and desires. Each consumer tries to satisfy the higher level needs after satisfying the basic needs. It is a desire to each, and a desire to have power that goals a consumer to higher and higher levels. A brand should be a means to empower the consumer – he should feel more powerful when he uses the brand. The emotional payoff of the brand should lead to enhancement of positive self-image. Self-image can be improved when a consumer's intrinsic or extrinsic worth is enhanced. Intrinsic worth denotes a better feeling about oneself. Extrinsic worth means a better feeling of the consumer in the eyes of the world around him. Brand

## Garden Woman and Vareli Woman

Product	: Garden sarees, Vareli dress material.
Advertising	: Indian fashion advertising.
Ad. Budget	: ON an average Rs. 2 crores excepting in 1985 when it was 2.6 crore.
Agency	: Creative Unit formerly, Ambience now.
Typical garden look	: Muted colours, no loud contrasts. Soft harmonies brought together. Floral prints.
1972 Advertising	: Whenever you see a flower, remember garden.
How garden understands	: In every woman, there is a traditional part and there is a modern part. There are occasions that demand the traditional and these are occasions that demand the modern.
How basic garden ads	: It looks good on the model. Maybe, it will look good on me.
Price range	: Rs. 185 – Rs. 800
Advertising Manager	: Shilpa Shah
Path breaking ad	: Garden creates the new woman ( Kamlesh Pandey, formerly of Rediffusion.) : Garden, because every woman has a dream. : Garden woman, ever-changing yet never changing.

payoff should ensure that emotional payoff is exclusive and relevant. It takes a brand to its destination.

Appeal of a garden woman	: Her mystique . She is there yet not there. She seems to be a woman of mountain mist. She simmers, she's gone. She swings back and forth on a jhoola. She goes out of frame for an intent with every swing and comes back in a new incarnation each time. Then suddenly, the jhoola has nothing – it's empty. Had she been there at all?	
	She floats at you through early morning mist in a shikara but ultimately it's an empty shikara.	
	She is a dream. She is usually shown enjoying. She feels at ease in a garden saree. She feels beautiful in it. She is a riddle.	
1985	: Persis Khambatta became the garden woman.	
Vereli Woman	: She is a new personality. She is aspirational. She is assertive and independent. She knows her mind. She knows she is educated and career-minded. She is equal to a man. She retains her feminine charm while being equal to man. She ventures out on her own. She is passionate. (She is therefore put in erotic setting). She is brave ( and so she can be put in hostile environment ). In each campaign, a different dimension of a woman's personality was explored. There is always a hovering presence of a male admirer ( though face not revealed).	
<b>Branding Decisions</b>		
Salient feature	: The ads never explain themselves. Neither do the woman.	
Comparison	: Garden Saree Woman Older Married Softer, quieter, Intensely feminine. Grace and dignity Dreamer	Vereli Dress Material Woman Younger Unusual, Unpredictable Venturesome Exotic
Secret of Success	: Garden women make a statement about woman in general.	

### Regional Brands

- In India we come across many regional brands, which compete with the national brands in several product categories. A regional brand is unique to a particular region. Some brands remain regional on account of the constraints of resources. Some do so on account of their very provincial appeal.
- Regional brands are under assault by the national and transnational companies. They have started offering regional variants. Brands like Fights in processed food witness a number of brands from Nestle and Milkmaid gobbling up the market created by it.
- When a regional brand remains confined to a region, it faces the competition from the regional variant of a national brand. When regional brands venture to go national, they may over-leverage their meager resources. But there is not way they can afford to remain silent spectators. They should extrapolate the regional model in spirit, and not in letter.

### Attitude Brands

Body shop puts forward human body as an asset. Benetton ads denote an irreverent attitude. MTV as a brand is thought of as one packed with rebelliousness of this generation. We have

an 'honest shirt'. These brands do things differently. They jolt the customer who take notice of the brand.

### In – Store Brands

Even you would have come across what are known as 'private label' brands. These are store brands.

- They are defined as a product line, which is owned, controlled, merchandised and sold by a specific retailer in its own stores. They enable a retailer to attain higher margins by providing higher value to the customers and by saving costs.
- They also increase a retailer's bargaining power with the suppliers of national brands. By being exclusive, private labels generate customer loyalty.
- We come across private labels in garments and foods. Shopper's Stop gets more than 15 per cent of its total sales through private label brands. Foodworld too has private label grocery brands.
- Private labels should be more consumer-centric. They should fill up the consumer need gaps. Retailers are quite close to the customer. They observe the shopping behavior of the consumers. They are thus in a better position to design suitable products.



- A retailer who chooses to launch private labels becomes a marketer, and not merely a seller of products. It brings the whole brand building process in the organization. Retailers can exercise flexibility in marketing these brands by adapting to change.

**There are a few questions. Should a private label contribute to the store's image or should store's image be used to market a private label? What should be the brand strategy? What should be the mix between private labels and national brand? Which categories are suitable for private labeling?**

- Private brands can be a no-frill discount product and is perceived as a lower quality product.
- A private brand can be an exact copy of a manufacturer's brand like perfumes, which resemble the originals. But such copy cats can violate the trade dress and patent laws. The idea is to take advantage of the brand equity of the manufacturer. Small-undercapitalized retailers follow this strategy. 'Invitation to compare' copycat brands closely imitate the national brand's trade dress and product qualities. They are similar to the manufacturer's brand. The two differ in price.
- Manufacturer's brand attracts store traffic, and the private brand leverages this traffic. Premium private labels offer the consumers the same or better quality than manufacturer's brand.
- There is no intention to take advantage of the brand equity of a manufacturer's brand. Such premium brands compete with national brands.
- Private label thus have to commit resources to build up its brand just like a national brand. Private brands improve the margins of the retailer by cross brand cannibalization – converting sales from national brands at lower margins into private label sales at higher margins at the point of sale.

Now let's see it is Brand Driving that is driving the Product or Product Driving the Brand

Most of us actually buy products, and not brands per se. You may need a new motorbike, and decide to buy Kawasaki Bajaj. Thus the first decision after deciding to buy a product is to decide which brand of motorbike would serve my purpose. Actually, both these decisions are thought of so quickly, that they merge with each other, and we feel that the brand is the driving force. However, the first decision is always the product or category.

### Brand and National Identity

In this wired world, brands are becoming global, but still they do maintain their original roots, e.g., Coke is an American brand and Mercedes Benz is a German brand. 'Brand's national identity is based on where that brand is created. We may make a Sony in India, but still it is a Japanese brand. A product can be manufactured and created anywhere but a brand has a national identity. However, national identity sometimes does not work to our advantage. American computers have strong positive national identity, but American cars are considered mediocre.

### Brand Roles

Aaker identifies four types of roles for the brands. A brand becomes a driver brand when it leads to the purchase decision.

Here the brand represents the package of benefits a customer expects from the brand. The driver brand can be the basic brand or sub-brand or corporate brand or a combination. In a computer industry, Intel can be a driver brand, rather than the computer brand itself. In detergents, we have Surf Excel, and Excel becomes the driver brand owing to the presence of enzymes it suggests which the consumer is actually buying. In Bajaj Chetak, Bajaj is the driver brand as it represents reliability and performance. Driver brands must be emphasized in promotion and packaging.

A brand plays the role of endorser also. Here it supports the driver brand and its claims. It thus lends credibility to the driver brand. Corporate brands are generally the endorser brands. A brand can be both a driver and endorser brand. In several courses, to begin with corporate brand which supports a driver brand is usually used. Later, the corporate brand is withdrawn, when the driver brand can stand-alone.

### Issuing Bank + Mastercard or Issuing Bank + Visa

The credit issuing banks either issue a Mastercard or Visa. Here instead of the issuing bank, the sub-brand Mastercard or Visa becomes the driver brand, and dance into the limelight. In a recent seminar held in Mumbai. (1998) some banks complained about this. Lafferty Business Research vice-chairman said, 'It is like the tail wagging the dog, instead of the dog wagging the tail.' Mr. Sannon, General manager, Mastercard, South Asia countered this observing that associations like Mastercard and VISA, were owned by the banks themselves, and therefore, they were only gaining in the process of building these brands. (TOI, Jan. 25, 1998)

- A brand can play a strategic role in the future performance of the company.
- A brand can play the role of a sub-brand reserved for a part of the product line, e.g., Videocon Bazooka where Bazooka is a sub-brand of Videocon TV. This distinguished the Bazooka TV from other TV sets in Videocon range. In some cases like Ariel Micro-shine, the sub-brand does not remain just descriptive, but plays a driver role.
- A sub-brand that describes the driver brand does not dilute the driver brand, or distract us from it. A sub-brand that describes the driver brand does not dilute the driver brand, or distract us from it, a sub-brand can specify segments. An organization can use common prefixes or suffixes to denote sub-brands, e.g., Philishave.

### Benefits of Branding

It Provides benefits to buyers and sellers

#### To Buyer

- Help buyers identify the product that they like/dislike.
- Identify marketer
- Helps reduce the time needed for purchase.
- Helps buyers evaluate quality of products especially if unable to judge products characteristics.
- Helps reduce buyers perceived risk of purchase.
- Buyer may derive a psychological reward from owning the brand, i.e. Rolex or Mercedes.

### To Seller

- Differentiate product offering from competitors
- Helps segment market by creating tailored images
- Brand identifies the company's products making repeat purchases easier for customers.
- Reduce price comparisons
- Brand helps firm introduce a new product that carries the name of one or more of its existing products...half as much as using a new brand, lower co. designs, advertising and promotional costs.  
EXAMPLE, Gummy Savers
- Easier cooperation with intermediaries with well known brands
- Facilitates promotional efforts.
- Helps foster brand loyalty helping to stabilize market share.

### Number of Brands

Some companies have just one or two brand names, whereas some have brand names in hundreds. A right number of brand name is a result of a trade-off between the value a brand name creates and cost of maintaining it. We should consider whether the brand is sufficiently different to get a new name and whether the new name will add any value. While extending the brand, we should consider whether the core values are getting diluted or not. We should also consider what marketing support a new brand can be given.

### Brand Strategy

To develop meaningful brand strategy, our brands should be treated as a system. We should examine the role of each brand and should avoid inconsistencies. Brands should fit into brand identity profile. Sub-brands should be considered to modify or change the brand identity. We should dwell upon how sub-branding a feature of component or service programme would support the basic brand. We should select strategic brands, and decide on the right number of brands.

### Sub-Brands are a Mistake

John Philips Hones, A professor of advertising, feels that brand stretching makes you lose the scale of economies. Big brands have considerable scale economies. It is also not known precisely what happens to the core values of the brand equity. Sub-brands address to small niches and it becomes difficult to visualize how it affects the core brand values.

There is something very interesting to read in terms of branding and advertising

### Branding without Advertising

Harish Bijoor

Brands can most certainly be built without advertising. Most older dominant brands of the day have been built with very little mass-media advertising.

THE realm of branding has been inextricably linked with that of advertising. The less you advertise, the less you brand and vice versa. It's time to challenge this paradigm in branding then. **Do you really still need advertising of the mass media kind to build brands?**

My friends in the world of advertising will want to tear my gut out for this outrageous view. What a stupid thing to say? How can you build brands without advertising? And why must you?

The answer is out there blowing in the wind. Blowing in the winds of change that several vibrant categories are facing. In the change signalled by legislation hitting categories of socially ostracised products. Indian society and the Government are fast catching up with the ways of the developed economies of the world.

Several categories of products and services are fast falling into the slot of politically incorrect offerings. Offerings that tend to hurt society at large and health in particular. Take three categories for a start: cigarette, liquor and gutka.

This is indeed just the beginning of a trend that will fast slot more and more products into the category of the politically incorrect offering. Something that can't be banned outright in its consumption (unlike Marijuana), but something that just can't be allowed to be advertised for sure.

Society, continually over the years, will tend to get more and more intrusive into products and services that cause long-term turmoil in the lives of people. Addictive categories of products and services will particularly face the brunt of this movement, an intrusive society will spearhead. The movement of choice will still remain around. So will advertising ostracism of every kind.

This triumvirate category of cigarettes, liquor and gutka, with a whole host of aggressively built brands, will face the frontal assault of an advertising ban. And it is indeed this category that will first need to find the answer to the question whether brands can be built without advertising.

My strong contention: brands can most certainly be built without advertising. Most older dominant brands of the day, which rule the roost at the top of brand charts, have been built with very little advertising in the older days. At least very little of advertising of the mass-media kind.

Current legislation in the country, and more that will come tomorrow, will prohibit the use of mass media for many a product. This will be for several reasons. Remember, Doordarshan in the initial days avoided carrying advertisements for the sanitary napkin with the issue of "social sensibility" in mind. And in later days, there was an exclusive slot in late night programming ("after the kids have gone to bed") for advertising that focused on the Nirodh and Carefree advertising of the day.

Legislation will progressively inhibit advertising of products such as cigarettes, liquor and gutka only to the outlet that sells it. What option does the marketer in these categories have to build a solid brand for the future?

Many really. Look back keenly at the good old way brands were built in the pre-mass-media years. Marketers depended on one-to-one modes of selling. Communication was specific, direct and targeted. The geography was identified, the prospect delineated and then approached. One-to-one marketing is therefore a great tool to reinvent then. Get back to the good old days of working hard in the marketplace to find your customer. Get back to the days of personal-touch.

Mass media advertising wastage, which touches both the prospect and the non-prospect at the same time (remember advertising for your brand of smoke-stick reaches the man, woman and child in the house alike) will now pave way for a targeted approach that has no wastage and one that does not cover the innocent category of those you must not touch with the barge pole of your idea.

Point-of-purchase advertising will emerge in a big way then. This is a wonderful way of advertising your brand of liquor in a liquor shop. The view is clear. Anyone visiting a liquor store approaches it with the intent of a purchase. This is a person who already belongs to the category then. There is no coercion of the innocent segment here then. Go for it with vigour.

Get away from the trite old exposure calendars that display many a bust and more, and get into specific forms of intelligent brand communication through the POP route. Intelligent brand messages that track the customer from the point of purchase to his point of actual consumption, and an intelligent networking of the messaging through his lifestyle and habits, are potent tools to use as well.

Direct Marketing will remain a tool to exploit to advantage. Use DM with the creative urge that will yearn to get your brand into the psyche of the consumer. Use the medium as a medium, and certainly not as an extension of your now-junked advertising campaign! DM used right, and DM used sensitively can help catapult your brand into the participative life of your target audience.

Events will still hold a sway. Many brands will be able to get away with event sponsorships, just as long as these events cater only to the immediate target segment of the brand.

The “Wills Made for Each other contest” was a wonderful social event! Re-jigging the mechanics of such events, with a careful toeing of the official line on the subject of legislation at play, will take the brand into the lives of your consumers in a vibrant manner.

Viral marketing with the old way of building brands through word-of-mouth, needs to do a comeback. Time then too for the playing cards, the soda bottle-openers and the apple juice! Time to think of the good old ways of building brands. Time to go back to the Vedas of brand building.

Brand Managers managing these social ostracism categories need to reinvent themselves and discover for themselves new paths to tread. Just imagine for yourselves that a massive mass-media purge has just occurred. A selective atom bomb has decimated every form of mass-media advertising for you. How would you approach your prospect consumer?

The answer will dawn on you then... ..in many a creative format.

There certainly is life after death! Life after the death of mass-media advertising for your brand!

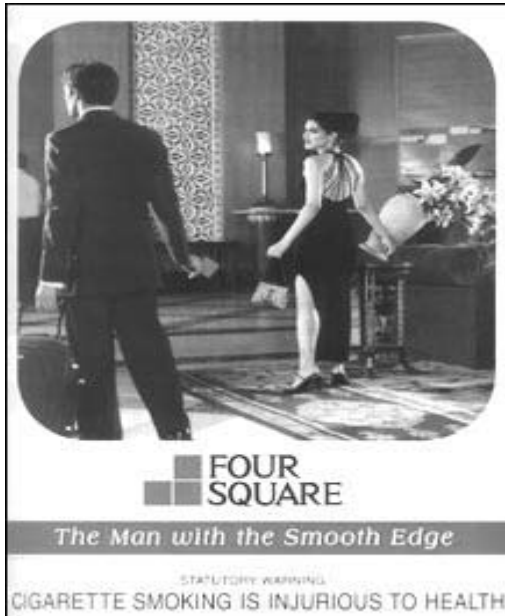
Notes

## LESSON 24:

### MEDIA: TYPES OF MEDIA, ADVANTAGES AND DISADVANTAGES OF EACH

#### Objective

Students by the end of this lesson you will understand via this lesson the different types of media for advertising also under.



Lets move on to one of the most important aspect of advertising and that is media. You should know that the term media is plural for medium. In advertising terms, medium is a channel of communication, such as newspapers, magazines, radio and television. A medium is a vehicle for carrying the sales message of an advertiser to the prospects. It is indeed a vehicle by which advertisers convey their messages to a large group of prospects and there by aid in closing the gap between producer at the one end and the consumer at the other end. Of course, this is from the viewpoint of advertisers and the audiences. There is another way of looking at the media, and that is from the point of view of the medium itself. Different media are organizations or enterprises for entertainment. They sell the product in the form of newspaper, magazine and radio and television programmes. At best, they are service organizations fulfilling the needs of listeners, readers and viewers for entertainment and information. Each medium designs its product to be more and more attractive among its audience. Each medium applies marketing concepts to the designing of the right product, selling it at the right price, distributing it through several outlets and, at times, taking the help of the right promotional means to increase its circulation or improve the popularity of its programmes. Newspapers publish, be it local news, national news, special interest information such as business, sports, housekeeping, science, etc. Similarly, television and radio stations broadcast programmes that are designed to attract larger segments of the

public. In short, media too have to market their products properly.

Once a medium has been well established and has built up a significant readership or audience, it is in a stronger position to attract advertisers who are on the look out for such media to reach audiences with their selling messages. Of course, they are willing to pay for this service. Thus, in addition to selling their products in the form of newspaper, magazine, radio and television programmes, the media are selling space or time which, in turn, earns large revenues for them. The money so earned out of selling advertising space or time which, in turn, earns large revenues for them. The money so earned out of selling advertising space and time ultimately helps to make the product itself (medium) cheaper and more attractive among its audience.

It would not be inappropriate to mention here that it is advertising that has been instrumental in the phenomenal growth of the media. In the nineteenth century, publishers of newspapers and magazines were faced with the stagnant circulation of their publications, with the result that profits were limited. This was due to the fact that the entire cost of writing and production was covered by subscriptions and newsstand revenue only. If the circulation was to be increased, it was possible only when prices were reduced. With lower prices, the circulation went up, resulting in a widespread reach of advertisers for their selling messages that, in turn, earned more money for the media. Both the media and the advertisers seem to have been benefited in the process. The publishers increased their audiences, profit and sphere of influence; at the same time, advertisers could reach effectively their prospective customers, making mass marketing possible for them. Today, every medium, be it a newspaper or a magazine, the radio or television, has a department with the responsibility of selling advertising space and time. The media themselves do advertise and promote the sale of their advertising space and time, for this is one of the important activities of the media. For their growth and even for their survival, the media have to be constantly on their toes to achieve increasingly higher advertising revenue.

Now lets study the types of Media

The media are classified into two categories:

- **Above-the-line Media:** Press, TV, outdoor, posters, cinema and radio. The recognized agencies get 'commission' from these media.
- **Below-the-line Media:** Those who do not give commission to the ad agency. The agency adds a percentage as a handling or profit charge or charges a service fee. The examples are: Direct mail, pas, SP, merchandising, exhibitions and sales literature.



The following are the various categories of media available to a media buyer or an advertiser:

### 1. Print Media

- i. Newspapers:
  - a. Daily
  - b. Weekly
  - c. Sunday
  - d. Weekend Supplement.
- ii. **Magazines:**
  - a. Consumer Magazines: General interest, special interest magazines like Auto World, Interior India
  - b. Business Publications: Industrial publications, trade publications, institutional publications, etc.
- iii. Direct Advertising: Direct mail.

### 2. Broadcast Media

- i. Radio: Vividh Bharati, FM.
- ii. Television: Terrestrial channels like DD and satellite channels like Star, Zee TV.
- iii. Narrow-cast Media: Video and Cable TV, Cinema, Ad Films.

### 3. Outdoor Media

### 4. Transit Advertising Media

### 5. Other Media

- a. Specialty Media: T-shirts, buttons, caps, stickers, badges etc.
- b. Direct Advertising or Direct Marketing (DM).

Do you know?

**Advertising in the print media is the oldest and the largest in terms of advertising billing.** Advertisers spend more money on newspapers and magazines than any other medium. In India, more than Rs. 1,050 crores were, spent on newspaper and magazine advertising in 1991. Of the English press got 48% of all ads. The share of Hindi publications was around 15 per cent and Marathi and Gujarati publications accounted for 6 per cent each. English press devotes more than 30 per cent of total space to advertising. The big league 20 publications devote more than 51 per cent of their space for advertisements. There are more than 25,000 publications now registered with the Registrar of Newspapers. Publication advertising uses newspapers or magazines to deliver the advertisement to its readers. Newspapers and magazines have two sources of incomes - on from circulation and subscription, which may be referred to as **circulation revenue; the second is advertising revenue.**

Advertising revenue, which is substantial, is generated from the sale of space in, the publication. Almost 50 to 60 per cent of the space is occupied by advertisements in a majority of publications.

Each publication has its readership, which is influenced by its general image. The editorials, news and the entertainment offered by a publication form its general image. The better this image, the greater is the acceptance of the advertising message by a reader. However, advertisement effectiveness in a publication varies from reader to reader, from one advertisement to another, and from publication to publication.



Lets see the Advantages of Newspaper Advertising

- Local advertising is in fact possible only in newspapers. Barring a few national advertisements, newspapers contain mostly local advertisements. This is one of the biggest advantages, for newspapers provide advertising in a geographically segmented market.
- Local and regional newspapers offer news, editorials, entertainment and personal interest stories for local readers, which create an interest in the local community and the region. The advertising message thus delivered in local or community newspapers is most effective.
- The system of tabloid inserts in newspapers, so popular in the USA and West European countries, is a more efficient and dependable method of delivering the advertising message to the target audience. Multi-page tab inserts often appear in the daily newspaper or Sunday newspaper, which are inserted by department stores, discount and variety stores, etc. Advertisers prepare and print them and deliver them to the newspaper establishment, which simply inserts them inside the newspapers before they are sent for distribution. Newspapers do charge a fee for this. A tabloid insert is different from newspaper supplements, which are delivered as part of the Weekend editing of the newspaper. Sunday supplements are often referred to as Sunday magazines.
- Newspaper advertising has another advantage – the advantages of time flexibility. A previously prepared advertisement may be inserted at the last minute to take advantage of some special marketing situation.
- When new advertising ideas are experimented with, newspapers are normally used first, for such trial advertisements can be run on a small – scale and on a regional basis at a relatively low cost.
- Newspapers have a wide reach. They reach almost 10 crore people, as against 20 crore reached by TV. Nearly 70 per cent of people reached are in urban areas. The reach of the press

is significantly higher among males (almost 27%) as against women (almost 15.5%). This reflects the strength of the press. The press is particularly stronger among the larger age group of 15-24 years – a full 29 per cent. This augurs well for the future.

- Newspapers are suitable for topical and fresh messages, as they appear daily they are a family medium. The testing of newspaper ads is easier. They offer a wide variety of sizes and positions.
- Also, as a result of fragmentation of the TV medium, we are seeing a renaissance in print advertising. Print seems to be the only way to acquire a presence for a brand today.

Lets see the negative side of the newspaper that means lets see the Disadvantages of it.

The important limitation of newspaper advertising is its short life span as well as the local nature of the advertisement.

- Newspapers are usually read as soon as they are received and then thrown away. Not may people read a two or three – day old newspaper. Of course, readers do return to an article or a review that they missed; but when they do so, there is very little chance that they will also look over the paper's advertisements again.
- Moreover, since newspapers are printed rapidly on coarse wood pulp paper called newsprint, and since they use the high-speed rotary printing process, the reproduction of fine details in photographs or drawings is not possible. The quality of newspaper advertising is, therefore, poor compared to that of magazine advertisements. This deficiency is compensated by colour supplements given as add-ons now very often.
- Many a time an advertisement may go unnoticed if placed in a strategically awkward position. There are different rates for advertisement locations in different sections of the paper. The "preferred position" often carries a higher rate.
- A majority of newspaper advertisements are placed on an ROP basis, which means that the paper has the right to place the advertisements anywhere at its discretion. ROP stands for run skip over the advertisements. The clutter is another problem. They also are not demographically selective.

**Next one to be discussed is a magazine. I think from the earlier discussion you are clear with magazines and types of it.**

#### Advantages & Limitations of Magazines Advertising

- The reading habits of magazines subscribers make magazine advertising preferable. Most magazines are not read in one sitting, but picked up and read several times till the new issue arrives. Many times are not read in one sitting, but picked up and read several times till the new issue arrives. Many times an old issue is kept after the new issue has come. This shows that advertisements in magazines get the full attention of the readers.
- Second, magazine advertisements are good in quality in terms of printing and colour. Though newspaper advertisements can be produced in colour, they cannot be of good quality, for the paper used is of inferior quality.

Magazines are usually printed on good paper that makes for an excellent reproduction of art and colour work. This merit of magazine advertisements imposes serious limitations on time.

- Magazine advertising takes weeks and months before the appearance of the first advertisement. Artwork alone takes weeks; then the engravers take time to make colour plates. Also, any revisions or amendments in colour advertisements of magazines are difficult, involving more time and throwing away as waste the work already done. Thus, the time limitation before which advertisements are finalized is a serious demerit of magazine advertising.
- The advantage of a magazine being a national medium for a specific interest group may turn out to be a limitation. Manufacturers in the small – scale sector, whose distribution is restricted to a territory rather than spread all over the country, find magazine advertising unprofitable. In our opinion magazine advertising is useful only for large manufacturers and advertisers. In the affluent countries of the West where the television network is well developed, magazine advertising has been able to survive despite television commercials. This is due to the fact that the magazine is an effective medium, offering more selectivity in audiences than most other media do. Special interest magazines are the fastest growing segment of the industry.
- Magazines are found to be a good supplement to television. They reach special interest groups that cannot be targeted well with television. They provide more information to those consumers whose initial interest is generated by television.

Full page	Basic Advertising Data 30 cms X 23.75
Half page (Horizontal)	cms 15 cms X 23.75 cms
Half page (Vertical) Quarter page	30 cms X 11.25 cms 15 cms X 11.25 cms
Bleed size	32.5 cms x 25 cms
Material	Art work, sketches, photographs, half-tone, screens, should be avoided as they result in more effect
Printing process Deadline	Rotogravure
	Black & White Colour: Three weeks
	Seven weeks

#### Magazine Advertising Rates

Summarizing the advantages of magazines, we may say that:

- i. Magazines offer high-fidelity colour reproduction
- ii. Magazines offer an exceptional range of selectivity
- iii. Magazines have a longer life
- iv. Magazines enable advertisers to use same artistic variety. It is passable to have ad designs with bleeds, spreads, gatefolds, inserts, multiple pages, return cards, etc.
- v. Magazines have a considerable amount of secondary readership, particularly because they have a long life. In offices, at barbershops and in beauty parlors, the volume secondary readership is tremendous.

Advertising rates are quoted in units of pages, quarter pages and agate lines. These rates also include the commission of advertising agencies. Colour advertisements carry a premium, which is charged over and above the black-and-white advertisement rates.

The uniform page size and the large number of pages in magazines have made the problem of positioning and advertisements in them much simpler. Barring a few preferred are premium positions, advertisers do not mind having their advertisements placed in any position on a page in the magazine. However, extra premiums are charged for advertisements at back cover, front cover (which is sometimes available for advertisements) and the inside front and back covers, etc., for extra exposure to the advertisements in these locations are ensured.

Now as we are moving on to TV advertising just have a look at this commercial



With a beaming smile a man informs us, “Aaj ka din mere liye bahuth hi achcha hai, hunh, das saal se chashma hai, hunh, number 13.36 pe atka...”



...tha, aaj aankhe check karvayi to number kam hua hunh, 13.33!” Just then the interviewer requests him, “Sir camera mein dekhiye please.”



Confused, the poor guy answers, “But I’m looking at your camera.” At this the MVO bursts out laughing.



MVO: “McDonald’s Happy Price Menu, only twenty rupees. What your bahana is?”



When told that the camera is on his right, he turns accordingly and sings, “I’m loving it.”



Jingle: “Para pap pap pa. Chak de.” Super: ‘I’m loving it.’

### Activity

Select three channels from same field and try and figure out the strength and weakness of one over another. Do this in a group.

### TV versus Other Media

The ad revenue has increased from Rs. 1,504 crores in 1991 to around Rs. 3,300 crores in 1995. This is due to satellite TV, and the availability of foreign brands. The value of ads in the press has grown up by about Rs. 800 crore (from Rs. 1,142 crore in 1991). However, the share of the print medium in total ad revenue has fallen from about 70 to under 60 p.c.

Television has been the single biggest factor in opening up a huge rural market for consumer products and creating a higher level of aspirations among the huge Indian middle class estimated at over 150 million people.

Ads of low-priced consumer products formed 20 p.c. of print medium advertisements. This segment is fast shifting to TV.

Predictions are a risky business. Weeklies this when we remember the prediction about video by Daryl F. Zanuck” of 20th

century Fox in 1946. He said, "Video won't be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box every night." Warner of Warner Pictures said, "Who the hell wants to hear actors talk?" in 1927. Telephone was dismissed as 'an electric toy' by Western Union in 1878.

#### Merits and Demerits of TV Advertising

First let us consider some special characteristics of commercial TV. Here on national network the advertisers reach the national market. On second channel they reach the regional market. On satellite channels, they reach markets of several countries. TV is a home and family medium. Viewing on TV is effortless. There is a movement, and so the product is close to reality. For example, an aircraft acquires a beauty not seen when flying high above in the sky or static as in print ads. The expression of Ankita Jhaveri, - the child model in Rasna ad signifies that Rasna is very delicious. Malavika really conveyed what Frooti is all about in her rustic outfit. In India also, we get now viewer ship data and ratings of different programmes.

#### Special Merits of TV

**TV has immense impact:** No other medium can ever compete TV as far as effective presentation is concerned.

It attracts attention immediately. Computer graphics has made it more effective. It arouses "interest in the product. In point ads, these two steps require deliberation. Here it comes spontaneously. TV commercials and sponsored programmes are impressive even when the viewer is temporarily not before the set.

**Excellent Quality of Production:** TV's sponsored programmes and DD programmes have been improving in terms of quality - content wise as well as production wise - consistently over a period of time. The agency exercises overall supervision. We have cadre of TV producers now. Sometimes the movie moguls themselves produce a TV serial (e.g., Sagar produced Ramayana and B.R. Chopra the Mahabharat). So skilled hands handle this medium. Some sponsored programmes are lavishly made. They do a lot of outdoor shooting. But most of the programmes are indoor shot programmes.

**Familiar, Friendly Voices:** Here the models are all familiar and their presence is reassuring. The audience likes the face, and welcomes it. We thus see Karan Lunel, Maya Alagh, Malavika, Suchitra Krishnamurthy, Kavita Chowdhary (Lalitaji) Kittoo (Kaushalya) Gidwani, Juhi Chawla. After all, it is in entertainment medium. The model attracts attention in his or her own right. It adds to our pleasure. This is a distinct advantage of TV.

**Retailers also Watch TV:** Both consumers and distributors are TV viewers. The retailers might miss out the ads in print media. But they are exposed to TV ads. Thus they feel inclined to stock these products. Nand Kishore Khanna & Sons, a local 'firm making Homacol liquid soap has definitely improved its distribution after TV advertising. The single medium does a double job.

**It is a Comprehensive Technique:** In TV, there is a unique blend of sight, colour, movement, sound, timing, repetition and presentation in the home. Put together it has more

attributes than any other medium. It, therefore, produces quick results. Only the product should be a nationally marketed consumer product.

**Evocation of Experience:** It simulates the experience of using and owning the product. Demonstration. TV can show product benefits most effectively. Benefits may accrue over a period of time. But by using the technique of time 'compression, product benefits can be shown in a 10-second spot.

**Creative use of Environment and Mental Make-up of Viewers:** The editorial environment of a sponsored programme can be creatively used to produce a commercial, e.g., circus artistes can be shown using ACTION shoes before the tele serial of CIRCUS.

**Animation:** It is possible to vest the product/logo with human qualities. Animated char actors do not alienate us.

**Image Building:** TV succeeds in building a powerful image of the company and its' products. It can also project an image of the users rendering it. Excellent for life-style advertising

**Emotional Content:** TV triggers off nostalgia, tenderness, generosity kindness and such other emotions. The special effects enhance the impact.

#### Special Demerits of TV Ads

##### It takes Time to Produce Commercials and Sponsored Programmes:

This medium requires planning and deliberation. The consent for sponsorship is hard to come by. It lacks the flexibility of press and radio. If not rightly produced, the ads look very crude. But once produced as per our requirements, these ads can be repeated over a period of time (Nirma ad).

**It is a Transient Medium:** Here the commercial flickers for a few seconds and goes off the air. We work overheard with insistent jingles and repeated sales message. Sometimes, the commercial is repeated frequently. TV ads alone may not be sufficient. They need supportive ads in other media. More than one or two spots are necessary to be as noticeable as one insertion in print.

**Time Gap to Purchasing:** If TV advertisement sinks into the mind, it is okay. But otherwise, mind that is well prepared for buying a certain product cannot do so immediately because there is a night to go by and only next morning the action can be taken. By that time, we might not have kept, the product in mind.

The 'buy now' pressure exerted on the TV viewers is totally wasted because the stimulus is often lost by the following morning. This is one of the reasons why TV needs a very high frequency in sustain the impact.

**An Immobile Medium:** Radio can be listened to either in a car or while walking. Newspapers are read in locals, in offices and at many other locations. Right now, TV is watched only at home requires a" captive audience. It penetrates the home. This is an - advantage as well as a disadvantage Difficult to Gain Enquiries: TV restricts itself to typical purchases. Detailed enquiries cannot home. It is difficult to note either the telephone number or the address.

Another major problem is that too much is compressed in a TV commercial lasting for a few seconds. It is a digest, and is



easily assimilated and absorbed. At Host viewing, there is novelty.

But absorption, this weavers of on repeated viewing, it becomes monotonous. Everything is anticipated and this problem can be overcome if we can serialize a commercial. It is better to produce several less ambitious films than to produce one super production. Slight changes make all the difference in results.

**Time Constraint:** In a few seconds, we can put forward only one selling proposition.

**Production Costs:** Cost of producing a commercial is high as compared to costs of the print Production. The paying capacity of the client, the prevailing rates in the market, the nature of the product, and the commercial values of the programme that accompanies the commercially determine the final production cost.

**Hardware Capability:** The TV set of the viewer and its, technical capability determine the overall impact of the commercial. Cinema can afford the luxury of long shots, but not a TV commercial. All commercials show are tested in real-life situations, mostly on portable B & W sets. The colour reproduction is controlled; in by the print media, but on, colour TV set the capability of the TV set itself determines the colour reproduction.

**Statutory Controls:** TV commercial have to conform to a broadcast code strictly.

**Regimentation of Audiences:** All channels have it diversity of programmes to, attract viewers. They intend to penetrate the viewers of other channels by a diverse programme mix this channel penetration at the same time gives programme options. This naturally leads, to fragmentation of audiences and lower regularities of viewer ship. It is difficult to convey a message in such a situation. It can prove a blessing in disguise for the print media. **The relationship with TV is extremely flirtatious.**

**Effect of Clutter:** The viewership of commercials is less than the viewership of the programme, which accompanies them. The lengthier the chain of; comment the less is the viewership. Several studies in India have shown that the total audience for commercial for an average TV programme is substantially lower than that of the programme sometimes below over 50 percent. The figure is further eroded due to a large passive audience of the total commercial audience. The duration of a commercial does not seem to play a significant role in brand name recall. Top rate programmes on any channel have, high commercial clutter leading to poor ad recall.

**Internet: Media of the New Millennium**  
Print media can be considered the first revolution. Electronic media like radio and TV are the second revolution. Digital media like Internet are the third and the most spectacular revolution. Digital media draws on the features of both print and electronic media. The entire complexion of mass media has changed due to what is known as interactivity. The individuals in it multiply the segmented target audiences. The whole mass can be considered to be one in a different perspective. The economics and demographics of media traditionally practiced become a matter of the past. Most renowned publishers have put their publication on Internet.

Internet advertising affects not only product marketing, but also its manufacturing and distribution. A product can be ordered on Internet. The data becomes the input to the production system. The goods are sent directly to customers. Software is available to enable a reader to select the editorial matter of the newspaper available on Internet. It gives the freedom of choice to the customer.

In digital media, we may come across 'pay per view' phenomenon e.g. DTH: direct-to-home TV. Even in the absence of advertising, digital media may be available at a reasonable cost.

### Satellite Television

India is a pioneering country in satellite TV. Rural Programmes were beamed experimentally by satellite TV in the seventies. India successfully scattered images over formidable distances using a satellite transponder. The seeds for a new technology were shown. The agency which conducted this experiment was ISRO "Indian Space Research Organisation. It used all American satellite. The experiment was watched closely by communicators' intelligence agencies and scientists. The experiment of STV faded out in India. The world took over where India had left off. What India did in the seventies became a communication revolution later.

### Birth of Satellite TV

Vikram Sarabhai can well be described as the father of Satellite TV. He inspired Kiran Karnik to transmit agricultural techniques to the farmers on TV first terrestrially, at Delhi and then on a wider scale by Satellite TJJL. Thus Satellite Instruction Television Experiment (SITE) came into being. Satellite Application Centre (SAC) was set up in Ahmedabad under IROSAC began to make software and transmit them to villages in collaboration with AIR of which DD was part in those days. Vikram Sarabhai was assisted, his efforts by Kiran Karnik who managed, SITE Karnik was responsible for the Khecla Communication Project - a pioneering effort in the use of television for rural development Karnik is now the Discovery Channel's General Manager, and Chief Operating Officer of India.

### Satellite T.V. Transmission

We now have around 500 satellite channels available for us on a global basis. Thanks to new digital technology, with four-foot (48") dish antenna, programmes can be beamed all over India. The dish can be made in India, and will retail for Rs. 5,000. We shall now acquaint ourselves with a few important satellite channels available in India.

Now lets see **Electronic Media Radio:**

### Radio

India is not an exception in failing to realise the potential of radio as a medium. Many Western countries have also taken radio for granted. Radio is more relevant in Indian conditions than even TV. It costs merely 10 p.c. of the 'Boob tube.' It is a real mass medium, which is technologically also so simple. It is a low – cost democratic means of communication. It is also capable of giving artistic creativity.

In the evenings, urban areas are hooked to TV. In the rural areas, this is not always so. **37% of rural population still gets its information from the radio, and only 27% gets it from TV.**

Radio and TV are two different media. **The big advantage with radio is that it mobile.**

In the fifties and sixties, the socialist Indian republic had not made her radio commercial. The ads, therefore, were aired on Radio Ceylon and Radio Goa. Radio Ceylon was popular as it aired film songs, which AIR did not, since the then Information and Broadcasting Minister B.V. Keskar was opposed to it. Things changed when Indira Gandhi became the Information and Broadcasting Minister in the Lal Bahadur Shastri cabinet in 1965. She recognised the commercial and entertainment value of this medium. Vividh Bharati became commercial and started accepting ads since 1967 after she became PM. Indian Broadcasting Company did accept commercials in the 20s but the company did not prosper. The government then took over broadcasting and ran it as a division of its own without commercials. Radio advertising gave birth to many jingles, most of them for soaps. Some memorable ones were: Tandurasti ki raksha karta hai Lifebuoy, chebre peaphe lao hamam se nikhar, Doodh ki safedi Nirma se aaye, sona sona naya Rexona. A radio spot for which K. Kurian wrote the text – Sweet, Sweeter, Sweetest, instead of sugar was the first commercial to be broadcast on AIR. Later, sponsored programmes were introduced.

There are about 155 radio stations now, and a few more are coming up. The attempt is now not to expand, but to consolidate the position. The whole country is covered by SW transmitters. Though SW is not an 'A' grade service, its signal is available all over the country.

Radio is an instant medium. TV takes more time, since the paraphernalia of the camera and other things are to be sent to get the visuals.

According to Ameen Sayani, the veteran radio personality, "Nowhere in the world has TV killed the radio". Both have their advantages and neither can replace the other. Radio can complement TV. There are so many advantages that radio has over **TV but one I think which is most neglected is that radio forces its listeners to do half the work. In the absence of visual stimuli, the mind, the imagination is set free.**

There is still a huge gap between available technology and what is delivered by the audio. We have taken sub-standard radio for granted for far too long. Digital sound technology is available for recording and/or reproducing music. But there is no radio transmission anywhere in the world that exploits digital sound. Most radio is still mono and highly compressed.

Intellectually also radio is taken for granted. Creativity seems to be restricted to filmmaking or TV or multi-media or writing, painting, photography musical composition or performance. No one has associated creativity with radio. Radio is not just print on tape. Scripting for radio is entirely different from scripting for print. The voice is just like a musical instrument, and scripting is done to its strengths and characteristics. .

In radio, sound is used to create images in people's mind. The challenge for a radio personality is how to translate the moods of say monsoon into sound. Some moods can be expressed in voice, but most of these must be conceived in terms of sounds in musical terms and not like a writer in written terms. The

rhythms, the acceleration towards climax will be dictated by the subject and the sounds available. TV imposes the same images on the mind of millions of viewers. Radio images are as many as there are interpretations by the listeners. No two listeners will ever hear/see the same image. TV is autocratic to extent it imposes the images. **Perhaps Anthony Burgess is right when he says 'TV is for adolescents and radio is for adults.'**

Once upon a time, radio voices were popular icons. Devakinandan Pandey, Pamela Singh, Surjit Sen, Lotika Ratnam and Cpakrapani were popular household names. Melville de Mellow's rich timbre was very well liked.

#### Lets see the History of Radio

Radio is just a feeble echo of what was once a magical voice; it was considered manna from heaven, July 21, 1924. It was the first day when the first voice emerged from a radio set in Madras. It was the first step of broadcasting in India. In 1954, radio set was a luxury. AIR was expected to inform, educate and entertain. At the time of independence, AIR had six broadcasting stations – Delhi, Calcutta, Trichy, Lucknow, Mumbai and Chennai. It covered only less than one fifth of the population. By the end of the third plan, the number of stations increased to 54, and that covered 70% of the population. In 1997, AIR has a total of 185 broadcasting centres covering 90% of the country's area and 97% of the population. It broadcasts in 24 languages and 146 dialects. At the time of independence, there were only 2.5 lac radio sets. In 1997, India has 10.1 crore radio sets.

The popularity of radio eroded in mid fifties due to bureaucratization. B.V. Keskar, the then Information and Broadcasting Minister banned film music from AIR's broadcasts. AIR switched to highly Sanskritised Hindi. It lost mass appeal. Radio Ceylon threatened the emasculated AIR in the fifties. AIR mended its ways, and Vividh Bharati service was started in 1957. This service imitated Radio Ceylon. In 1967m AIR started commercial services called Akashvani Ka Panchrangi Programme. It was available on medium wave in Mumbai, Delhi, Calcutta and Chennai, and had a range of 80 miles. In 1970, AIR adopted the concept of sponsored programmes. Saridon Ke Saatbi was the pioneer programme in this category in which Amin Sayani interviewed film personalities between songs. Kohinoor Geet Gunjar was another programme of film songs anchored by Vinod Sharma. Vinod Sharma produced many tele – plays – one such programme was Inspector Eagle sponsored by Eagle Flasks. Slowly, AIR over – shadowed Radio Ceylon. The boom period lasted till 1981 when DD began to displace radio. Radio listening has undergone a sea change; there are social changes, which are responsible for this. The leisure time available is not much. There are a host of media alternatives, which have claim on the lesser leisure time. The number of radio sets have declined from 10.1 crore in 1996 to 10.04 crore in 1997.

#### Radio Advertising

**Commercial radio in the Indian context has certain inherent characteristics.** Its strength lies in:

- i. Offering local coverage on its medium wave channels.
- ii. Permeating all economic and social strata, thereby reaching the masses.

- iii. Its daily frequency, offering scope for continued messages
- iv. Broadcasting throughout the day so that message may be repeatedly broadcast
- v. Reaching uneducated village folk who do not read print publications (newspapers, magazines).

Commercial radio, however, suffer from the following weaknesses:

- i. It is an audio medium only; hence it affects certain essential elements of communication
- ii. Certain operational limitations are imposed; for example, the minimum period of a fortnight reduces the medium's flexibility.
- iii. Limited commercial time available. Only 10 per cent of time availability restricts the frequency of message exposure;
- iv. Limited availability of commercial radio. There are only 28 radio stations offering commercial broadcasting against 300 in the country.

In India, Akashvani has 94 radio stations, 134 MW transmitters with 6794 KWW power, 356 W transmitters with 21725 KW power and 4 Vnf ( FM) transmitters with 60 KW (ERP) power. It covers 95% population and 86% of the area of the country. From 1988, there is a national broadcasting channel. Vividh Bharati, the commercial service has 29 broadcasting centres, which have allotted 10% of its broadcasting time to advertisements. Radio sells ad time in spots of 7,10,15,20 and 30 seconds, which are inter spread amongst the programmes. A capsule of sports contains a maximum of 4 spots for a total of 75 seconds.

#### Advantages and limitations of Radio Advertising

Radio is the most widely used medium all over the world. In a large country like India, the local radio operates like an evening newspaper. It is a medium for news, entertainment and advertising.

- When the message is to be carried to a large number of people who speak different languages, radio is the most suitable medium, which admirably does the job at the least cost..
- In a country like India, where literacy rates are low, and so newspapers have limited significance, radio is popular both with advertisers and audiences.
- In radio, the news service is continuous unlike TV where we receive news in the morning transmission, and again in the network programme in the evening, which is wide spacing. To the advertisers, newsbreaks on radio are the peak listening points when it pays to advertise.
- Radio commercial can be produced quickly and is not so costly also. It can be repeated over a period of time. Radio thus is afforded by even small firms.

#### Limitations

- There are possibilities of distortion in communication. Precision of script-writing is a very challenging task. In TV, vision accompanies the words and so there is no misunderstanding. We know what is 'Khurram Khurram'

pepped on TV commercial-but the concept is transmitted poorly on radio. Word pictures are necessary for radio.

- There is overselling in place of precise explanation. It is a real hazard. Much is at stake on the announcer's presentation who has to do a hard-selling job. An insistent voice really irritates. TV does this job effortlessly.
- Repetitions are monotonous. Radio is also a transient medium with no durability of message. Audience research of radio is really grey area. In India, before advertisers can think of radio as a serious medium, these research data should be easily available.

Training Siraj Syed (Close-up Sangeet Muqabala fame) conducts the only course for comparing in the country -at Xavier's Institute of Communication and is called ABCD, that is Announcing, Broadcasting, Comparing and Dubbing.

#### Comparison between Radio and TV

TV is an addiction. TV viewing is effortless. It is sheer entertainment. Its educative value is also immense. The press of a knob opens up a whole new world right into our home. The audio visual- has the greatest impact. It is also useful for those products- which require demonstration. Its reach is very wide, covering almost 80 p.c. populations in the country. It has the benefits which are very few other media can ever hope to offer. Colour TV and cable TV have opened up new and immense possibilities. TV has already become a popular medium. It has affected radio as a medium considerably. It has shown fastest growth rate. But surely other media have also shown growth. So right now it is too premature to say that it has gained at the cost of other media. Yes in the long run, it will affect the print media, especially the magazines, but here also it seems a remote possibility because magazines offer demographic selectivity, which TV does not. The most vulnerable medium that has shown sluggish growth is of course radio. With the advent of TV, its vulnerability has increased. But it cannot be totally replaced by TV. It has its own virtues. Transistors have, the mobility they are so ubiquitous. You can listen to them in farms as well as in factories. You can tune in them even when you are on move say on your way to office in a car. Secondly, there are many time spots available near the popular newscasts all over the day, which TV can't offer. It has greater flexibility for an advertisement. It is possible to exercise cost control also while using radio. In India, even today, most of the retailers operating in the local markets prefer a local radio station rather than national network of TV. Besides when the music and jingle content are critical in the ad copy, radio is suitable medium.

You will find below a ready reckoner for different media types and characteristics.

	Media Factors	Newspapers	Magazines	Direct Mail	Radio	Cinema	Outdoor
1.	Circulation	Widest	Limited	Restricted to the	Good	Restricted	Limited
		Circulation	Circulation	Number of mailings	Circulation	To local	To local
				Contacted		Population	Circulation
2.	Degree of	Generally	Greater	Higher degree	Restricted	Restricted	Local
	Selectivity	Universal in appeal.	Degree of	Of selectivity	Regional and	Local	Selectivity
		It permits restricted	Selectivity		Linguistic	Selectivity	
		Regional and			Selectivity		
		Linguistic selectivity					
3.	Audience	Generally very	Limited in	Limited to a live	Limited to		Limited to
		Large, but limited	Scope	Mailing list which	Those who	Cinema-	Local
		To those who can		Should constantly	Possess	Going	People
		Read and		Be reviewed	Radio and who	Population	
		Subscribe			Tune into the		
					Programme		
4.	Timeliness	Message may be	Lack of -	Highest degree	Restricted	Timeliness	Uneconomic
		Varied at short	Timeliness;	Of timeliness;	Timeliness',	But at a	Timeliness
		Notice. Current	Absence of	Selection of the'	Depending	Higher cost	
		Events may be	News value	Right time and	Upon		
		Capitalized		Right message	Programme		
				Possible	Planning		
5.	Flexibility	High degree of	Less	Highest degree	Restricted	Higher degree	Good degree
	Of time,	Flexibility	Flexibility	Of flexibility	Flexibility,	Of flexibility-	Of flexibility
	Design layout.				Depending on	But at	But uneconomical
	And color				The availability-	Proportionately	
					Of time	Higher costs	
6.	Life	Very limited	Longer life,	Subsequently	Limited life'	Very short-	Longer
		Life	Commensurate	Longer life,		Lived unless	Life
			With	Depending upon		Repeated	
			Frequency or	The usefulness		Very	
			Issue and	Of the		Frequently	



			Use for	Literature			
			Reference				
7.	Repetitive	Message may	Repetitive	Repetitive	Quick,	May be	Seen every
	Value	Be repeated	Value	Value depends	Repetition	Repeated in every	Time
		Every day and	Restricted to	On frequency of	Possible	Show but not	Prospect
		Adopted to the	Frequency of	Mailing		To the same'	Passes by it
		Day's need	Publication			Audience	
8.	Effectiveness	Well-planned	Very effective	Most effective	Less effective	Very effective	High
		Newspaper	In case of	Because of	Because of	Because	Memorizing
		In locating	Goodwill of	Memory and	Messages	Made	Value
		New customers Buying in market And supporting	The publication	Elaborate Explanations		Effective by use	
						Of cartoons	
						And elaborate	
			To support			Explanation	
9	Suitability	Suitable for all Types of goods	Suitable for specific	Very suitable for	Suitable for Articles of	Most suitable	Very suitable
		Having wide	Goods, according	Articles having a well defined	Daily use in	For Local	To Make a
		Market and	To the nature	Limited &	Wide	Consumption	Brand
		Needing constant Explorations	Of the magazine	Enlightened market	Demand	Goods	
10	Secrecy	No Secrecy can be Maintained Because of Universal appeal	No Secrecy; Competitors Also read it	Privacy & secrecy may easily be Maintained	No secrecy	No secrecy	No secrecy
11	Economy	Moderate costs Per advertisements To numbers contacted	Higher costs per advertisement But less overall cost	Cost depends Upon the size of The mailing List	Costlier	Moderate cost as a whole But higher per Contract cost	Cheap on the whole but Higher per Contract cost

## Television

4

### Advantages

- ◆ Wide diverse audience
- ◆ Low cost per thousand
- ◆ Creative and demonstrative
- ◆ Immediacy of messages
- ◆ Entertainment carryover
- ◆ Demographic selectivity with cable

### Disadvantages

- ◆ Short life of message
- ◆ Expensive with high campaign cost
- ◆ Little demographic selectivity with network
- ◆ Long-term advertiser commitments
- ◆ Long lead times
- ◆ Clutter

## Internet and World Wide Web

4

### Advantages

- ◆ Fast growing
- ◆ Ability to reach narrow target audience
- ◆ Short lead time
- ◆ Moderate cost

### Disadvantages

- ◆ Difficult to measure ad effectiveness and ROI
- ◆ Ad exposure relies on "click through"
- ◆ Not all consumers have access to internet

## Outdoor Media

4

### Advantages

- ◆ High exposure frequency
- ◆ Moderate cost
- ◆ Flexibility
- ◆ Geographic selectivity
- ◆ Broad, diverse market

### Disadvantages

- ◆ Short message
- ◆ Lack of demographic selectivity
- ◆ High "noise" level

## Alternative Media

4

Examples of  
Alternative Media

- Fax Machines
- Video Shopping Carts
- Computer Screen Savers
- Interactive Kiosks
- Ads in Movies and Videos

## LESSON 25: MEDIA PLANNING AND SCHEDULING MESSAGES

### Objective

Students by the end of this lesson you will be clear with the strategic decisions in media, the significance of media scheduling.



I hope all of you are clear with types of media that are there.

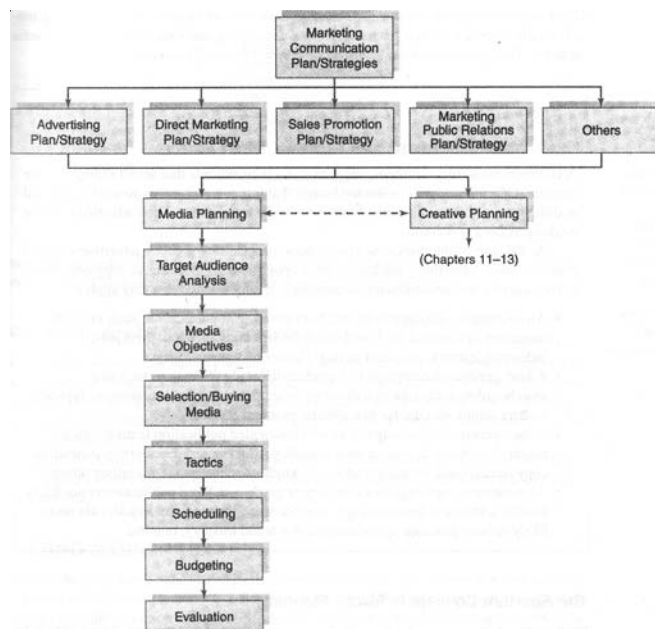
### Now lets move and discuss about media planning and scheduling

Lets see How Media Planning Fits In The Advertising Process  
Media Planning is a blend of marketing and mass communication skills because it deals with the biggest portion of the advertiser's budget (cost for space and time). As we see in this lesson that the planner has two main roles:

- Analyzing the market
- Evaluating media cannels.

Look at the Fig given below. Even though we examine media planning before creative planning, they are parallel processes that constantly influence one another. Ideally, the culled from the strategic research influence the creative and media plans for all as marketing communication, not just advertising, so that the marketing communications work in connect.

Media planning is the process of determining how to use time and space to achieve marketing objectives. One of those objectives is always to place the advertising message to target audience. A medium is a single form of communication (television, billboards. Media). Combining media (using TV, radio, and magazines) is a media mix. A media is a single program, magazine, or radio station. Although these terms have specific, people in the advertising industry typically use the term media in most situations. For simplicity's sake; we use that term, too.



### Now lets see Media Selection

As an electrical current flows from one end to the other through a conductor, so the advertising message is transmitted through the advertising media from the advertiser to the target audience. Advertising media are thus the vehicles that carry the advertising messages. Various kinds of media are available to an advertiser. Which one of these should be selected for a particular advertising is a strategic decision.

Effective advertising refers to informing the public about the right product at the right time through the right medium. Conveying a right message through a wrong medium at the wrong time would be a definite waste of resources. Therefore, the right media selection is the crux of the success of the entire advertising campaign. However, the right message, the right timing and the right place of advertising are equally important. Media selection decision refers only to the selection of a specific medium of advertising, such as the newspaper, a magazine, the radio, or television, the mail service or outdoor advertising, whereas **media planning** is a general term encompassing decisions involving the time and place of advertising in addition to the selection of the medium. A media plan outlines how advertising time and space in various media will be used to achieve the marketing objectives of the company through advertising.

**The importance of advertising and its role as a powerful marketing tool need no further repetition,** for this has been dealt with at great length in the earlier sessions. Promotion is one of the 4 Ps forming the marketing mix, and advertising is

an important part of it. An advertising plan is based on an overall promotional strategy; and media planning follows the advertising plan. **Media strategy** is thus a part of the marketing strategy. In other words, the media plan is part of the overall market plan, and media selection is the last stage in the process of promotion through advertising. Media decisions are mainly concerned with the following:

What are those available media that will serve our advertising needs best? Examples: Newspaper, magazine, radio, television, direct mailing, outdoor, etc. Which individual medium in each general category of media selected above will be the best vehicle for our advertising? Examples: TOI, India Today, Mumbai-Pune-Nagpur radio and Mumbai TV commercials.

What could be the best combination or mix of media for our total advertising?

What would be the best specific schedule for the release of our ads in each of these media?

Media planning and media selection assume significance in the light of frequent reports that advertising is wasteful. **One advertiser confessed, “Half of my advertising is wasted. The problem is, I don’t know which half.”** Following the correct methodology and using quantitative models in media planning can achieve elimination of wasteful advertising achieved to a good extent. This is particularly true because, in the entire advertising cost, media charges are fairly substantial. The effectiveness of a well-designed advertising message depends upon “when” and “where” it is released. These are “time” and “place” decisions. In short, we may say that the success of advertising depends upon the right selection of media, the timely release of the advertisement message, its frequency and continuity, and the place of its release. All this signifies media planning.

For the right media planning and selection, the advertiser must know the consumer profile accurately and the market to be reached, i.e., the target market. If you direct advertising to people who have neither the inclination nor the money to buy your product, you are wasting your effort which otherwise may be a good advertisement effort in itself. In this case, the advertisement is effective, while advertising is ineffective. Therefore, in order to get the most out of the rupees spent on advertising, it should be directed to the right audience. For each target, there is an effective message; and it is this effective message reaching the right audience that makes advertising most successful.

#### Media Planning: New Perspective

**In India, we are experiencing an economic slow down.** Consumer buying is on the decline. Ad spends are curtailed. Agencies are becoming learner. Clients are becoming more discerning about media usage. Though they are cutting and budgets, they want more effectiveness. In common parlance, this is called **‘more bang for the buck.’** Clients have become extremely vigilant on how agencies spend their money on media. Intuitive media decisions and exploratory tactics are out. Everything has to be substantiated. It is necessary to stretch every media rupee more and more. Though the broader media mix is planned annually, media planners are continuously shuffling the actual vehicles they choose channels or

programmes in case of TV and publications in case of print. Clients want to know how involved their target audience is with a particular programming. Even though demographics cover the reach objectives, the target audience may be a passive viewer. Research on the involvement of the target groups is getting more attention. Agencies are making use of proprietary consumer involvement tools that help them measure media preferences of target audiences.

There is a shift from planning based merely on reach to planning based on awareness involvement. The client wants to know whether his target audience has actually seen the campaign. He wants to know whether the client was at home when the commercial was telecasted. Media planning goes beyond media buying. **It has to focus more sharply on consumer decision-making process and the importance of media in that process.** Media has to make accountable. Media planners have started using more efficient media evaluation matrices. Audience involvement scores are now weighted while arriving at ROI on media spends. Media planning has become tactical psychographic, consumer and brand strategy-led and accountable.

Just go through this Article

#### Media Buying on a Budget

August 26, 2002

By Tessa Wegert

Working at a relatively small interactive ad agency, I often get inquiries from businesses interested in online advertising. They aren’t sure if they have the budget it takes to develop a consequential Internet campaign. They want to know what kind of budget a typical campaign requires. What’s the minimum needed to garner results? If an advertiser only has a few thousand dollars to spend per month, is prominent placement affordable? If so, what methods achieve results?

Even in general terms, it’s impossible to say exactly how much is needed for an advertiser to achieve desired results. It varies, depending on objectives. My reply is always the same. Under most circumstances, the more you spend, the more opportunities will be available. That’s not to say a small budget precludes a creative, effective campaign. A number of online ad placements just don’t require staggering investments. For businesses just starting out and having minimal marketing dollars to play with, these placements can assist them in promoting products and services within their target markets - without breaking the bank.

The first solution that comes to mind when budget is of primary concern is CPC advertising. Advertisers pay for each click their ads receive, allowing them to calculate how much they will pay for each visit to their Web site. These days, CPC ads on a network can run as low as \$0.20-\$0.30 or less per click, even when geotargeted or targeted to a specific audience. The network rep will compare your demographic requirements with the demographics of various sites within the network and deliver your impressions accordingly. With a little clever negotiating with the right network, an advertiser can stretch a meager budget to provide thousands of qualified clicks.

Pay-per-search advertising, such as advertising on Overture or Google’s AdWords Select, can be equally cost effective. For



many, an ideal solution is to take advantage of these sites' automatic bid features, which allow advertisers to set a maximum daily budget and control how much they spend without having to constantly check and manually update their bids.

When an advertiser wants to increase brand awareness with a visual message, sponsorships are a sensible option. Quality traffic can come from even the smallest portals. When a new advertiser first experiments with online marketing, these are often a reliable source for leads. A section sponsorship on a local portal, city-specific site, or subject-specific destination can increase exposure within your target market and cost as little as a few thousand dollars a month.

I sponsored a section of a golf community site on behalf of a Nevada resort almost a year ago, a placement that included the company's logo and a brief description of its business in the resort community directory. Happy to increase the size of the directory, the small but respected site agreed to leave the listing up even after the contract expired. The resort still receives leads from that incredibly inexpensive investment.

As many options as there are for advertisers working within a strict budget, the trend has been toward using ad dollars to lay groundwork for future return on investment (ROI). Advertisers are getting smart. Instead of spending to obtain instant (but fleeting) gratification, the type a simple email marketing campaign might bring, they invest in building house email lists and customer databases and develop email newsletters. You're probably familiar with the type of newsletters I'm talking about. They don't have to be extremely involved. Many consist of little more than a monthly update on new products or services available to consumers. Newsletters can be a pipeline to your target audience. They allow you to build and maintain relationships with new customers and can facilitate upselling within existing markets.

A one-time list rental to send a message encouraging recipients to sign up for your email newsletter can be a low-cost way to grow your house list and eliminate the necessity of repeatedly returning to a list broker. Encourage subscribers to help augment your database by adding a "refer-a-friend" component to emails. Your ROI will be even greater.

Countless traditional, reputable advertisers use online advertising in increasingly sophisticated ways. They saturate the Web with costly floating ads, e-commercials and full-screen interstitials. They spend millions that represent only a sliver of their overall media budgets.

Don't be intimidated by the opulence you see displayed online. There's room for the little guy, too!

Tessa Wegert plans and implements online advertising strategies and promotional campaigns as media manager at BAM Strategy, a Montreal-based interactive marketing agency. With a background in print advertising, consumer marketing, and copy editing, she also freelances as a technology and e-marketing writer, online and off.

Now let's understand the Media Plan

1. The first step in media planning is the collection of useful information about the people or the market to be reached through advertising. The more detailed and specific the target

market data available on geography, age group, sex, income, attitudes, interests, etc., the more appropriate the media selection would be. However, it is well understood that the available advertising budget is an important guide to the media selection. The task is to select a medium most suited to the target market at a given budget cost. This concept of "what-can-you-afford?" in media planning is equally relevant to small as well as large companies, for they do have something like a budget or an appropriation of fund for promotion. Irrespective of the size of the company, it finally settles for how much money it can afford to put in for a particular market for advertising and or for promotion.

2. The second significant step in media planning is to decide upon the nature of the message to be conveyed to the target market. However, this decision necessarily follows a thorough understanding of the consumer profile. The message or the copy, by which name it is more accurately called, is decided in the light of the aspect of consumer behavior or motivation which is intended to be influenced.
3. Having gathered this significant information, the next logical step is to search for an ideal match of the audience characteristics of media with the target market profile and, at the same time, check for the perfect adaptability of the message (copy) requirement with the media. Following the media planning decision process, we have to take into account the other media concepts explained in the following paragraphs.
4. Reach is expressed in terms of the number of households or individuals reached by a given medium over a period of time. This is usually expressed in terms of percent of total households or individuals in the target market. Sometimes, there is a possibility of duplication, i.e., two media may reach the target audience. National magazines have a different reach from that of the regional ones or other media, such as TV, radio, etc. National readership surveys provide information about published materials, whereas several other conducted studies may provide the reach percent of other media. One can buy reach with print in a specific geographical market by taking a combination of newspapers or magazines.

**Frequency** refers to the average number of times different households or individuals are reached by a medium in a given period of time. The frequency of advertisement exposure of the target market depends upon the amount of reinforcement of the image required or the amount of reminding required having sustaining patronage from the target customers. The greater the frequency, the greater the probability of the advertisement message making a deep and lasting impression.

To understand these concepts dearly consider the following illustration. A sample of viewers represents 10 TV Households (HHs) - Q to Z who watches a programme A over a four-week period.

					HHs								
Weeks	Q	R	S	T	U	V	W	X	Y	Z			
											Total Exposures		
1	A	A	A	-	-	-	A	A	-	A	6		
2	A	-	A	-	-	A	A	-	-	-	4		
3	A	A	A	A	-	A	A	-	-	-	6		
4	-	A	A	-	-	A	A	-	-	-	4		
Total	3	3	4	1	0	3	4	1	0	1	20		
Exposures													

It is obvious from the above table that from 10 households 8 watch programme A only. Two households U and Y did not watch the programme at all. It gives a reach of 80% to the programme A. Two households Sand Ware exposed to programme 4 times a week, three households (Q, R, V) are exposed to 3 times a week, and one household (T) is exposed to one time a week. Therefore, the average frequency is:

$$\text{Total exposures} = 20 / 8 = 2.5$$

Reach

**Continuity** refers to message deliveries over a period of time or a season. It refers to the of the media insertions. Advertisements are inserted at the time frequency round the year. This continuity. Shifting from one medium to another involves the sacrifice of continuity, but may be worthwhile for some other advantages that may flow from it.

**Gross Rating Points (GRP's)** refers to the total weight of a media effort. Quantitatively, it is equal to reach multiplied by average frequency. To illustrate, if 80% homes watch Chitrah, and are exposed on an average 2.5 times within a four-week period, the total GRP's are 200. If the target is 100 GRP's, it can be achieved by buying 10 spots in a programme with TRPs 10 (10X10) or 20 spots in TRP 5-rated programme (20 X 5). There could be umpteen numbers of such combinations.

The size of the message measures the strength and effectiveness of impression. Size is expressed in terms of the space used in print media or the time occupied in the broadcast media.

**The above terms are interrelated and inter-dependant, and a different mix of these elements would yield different patterns of message delivery.** Media planning, particularly under a given budget, must take into consideration the elements of **reach, frequency, continuity and size**. Unfortunately, there is no single combination of these elements that is ideally suited to all kinds of advertising. Each time the advertiser has to make the most suitable pattern to get the most out of the advertising rupees he spends. However, the advertising budget would continue to be a limiting factor in the final adoption of a specific pattern. The reverse relationship is equally important - that unless the message is sufficiently large - and

delivered in sufficient numbers with sufficient regularity, the advertising rupees would be largely wasted. The job of a media planner is to make a balance between the two approaches.

This process, as you will appreciate now, answers the questions:

- When (the timing of the release)
- Which (the media selection)
- How (the coordination in media planning)
- How much (the budgetary allocation)

In short, this process designs a course of action that shows how advertising time and space will be used so as to contribute to the achievement of marketing objectives. Media plan is the end product of media planning process.

The media objectives are set keeping in mind the background of the market, the firm's marketing strategy and its creative strategy. Media objectives thus contribute to the overall attainment of marketing objectives.

**Media objectives** lead us to a definite media strategy to translate media goals into general guidelines involving planner's selection and use of media. The best alternatives are selected.

The details of the media plan are then filled up such as selecting the **broad media classes, selection of media within these classes, and the actual media use decisions for each medium selected.**

The degree of synergy between message content and media provides the missing piece of the jigsaw that media selection often is for substantive messages; TV may not be a right medium.

### Designing a Media Plan

After having explained some of these media concepts, we shall now discuss some strategic considerations in designing a media plan.

The first and foremost is the consideration of the market and the target consumers. We have said earlier that the advertiser must have a full understanding of the target market. Such information is available from consumer research studies. For an appropriate media plan, it is essential to know the type or class of consumers whether all types are women, children, and old people. They may be professional people, businessmen, farmers, working class people, etc. Newspapers, magazines, radio, television and other media, each has a different coverage. National dailies have different readership from the local or regional readers. Similarly, the radio and television have their own audience. Different radio and television channels as well as programmes have different steps.

The type of the products and services to be advertised also determines the media to be selected. Industrial products and new products of a technical nature are advertised through the "Purchase" magazine. Products for exports are advertised in "Products from India" or in the "Product Finder," Fashion-wear is advertised in film, general or fashion magazines, such as Filmfare, India Today and Society, respectively.

After the characteristics of the product comes the characteristic of the distribution channel.

Distribution outlets may be classified into national, regional and local. When advertising is done on a national basis, using

adequate national media, the product should be made available nationally.

When distribution is restricted to the regional level, advertising on the national basis would be mostly wasteful. **In short, advertising would be of little or no value in getting the people to buy products unless these products are made available in an area that is within their easy reach.** Even when the product is nationally distributed, there are pockets or areas in which the company wants to operate more intensely. In such territories or regions, advertising may be more effective if done through regional magazines or dailies, which have greater followership than the national ones. Similar may be the case with the broadcasting media. In India, this is significantly true, for we have many regional, languages.

When products are sold through a network of dealers and distributors who are few in number, though influential, advertising to such few target customers may be more effectively done through direct mail or trade journals. In short, the characteristics of distribution determine media selection.

Next to the above strategic considerations come the **copy formulation** and its method of presenting the message, because only an appropriate media can give a proper expression to the advertisement message and create a lasting impression on the minds of consumers. Newspapers may carry advertisements only in black and white, whereas magazines may express the copy in colour. The magic of colour in effectively attracting attention to ad messages is well known. **It has been found that orange, red and blue stand high on the attention-getting list of colors.** Men prefer orange, while women like red. These preferences for colour are useful and significant. In fact, colour is an important means of creating an emotional feeling around an advertisement and around the product advertised. Similarly, some photographs and actions in advertisements are more effective if expressed in colour. Some advertisements need only to be announced on the radio. There is no need for visual, photo or action behaviour.

New products, when introduced, should be supported with advertising in media that can give exposure of the product to the audience as sensational news with some degree of urgency. National or regional dailies, radio and television are appropriate, but not the fortnightly or monthly magazines.

The consumers of this segment like advertisements for a product, with the objectives of carving a segment of market for it and creating a strong brand loyalty by a conscious attempt at giving the product a personality. This necessitates the designing of advertisements highlighting the various personality attributes and traits of the target user or the group. The copy design of the advertisement message and the media through which the advertisement is released should have a similar personality if advertising is to be very effective.

Some advertisements appear in several magazines of diverse interests. This is true of consumer goods and consumer durable goods. In fact, this is not a very wise thing to do. Each magazine has its distinct class of readers, with a distinct social, cultural, and educational background. We have certain habits, attitudes and stereotypes about events and things around us.

The common advertisement message may be effective with one set of readers but may not go down well with another group. Therefore, the right way is to design an advertisement message in the language best understood by the reader of each magazine. When there are no discernible differences among the readers, we may project a common advertisement message.

Pictures in ads exert a powerful influence on the target audience. They speak a universal language. A picture is worth ten thousand words - so goes an old Chinese proverb. An ad with pictures requires no special training in understanding. Pictures in color in the print media are great attention getters; but when pictures move and talk, it is almost impossible not to pay attention to them. That is why television ads are very powerful and effective. But the question that arises is: At what extra cost? In the first place, pictures with colour cost more; but when colour pictures are made to move and talk, an advertisement costs very much more. However, the gain in terms of extra audience attention should justify the extra cost incurred.

Similar is the magic of words in creating and holding interest. One author has correctly said: **'Words are the window through which we see images.'** Just by naming a place, a person or an object, we often generate a rush of pleasant thoughts. Some words or expressions pack a greater emotional kick than others. Their use in ad messages makes for greater emotional stimulus and arousal of imagery.

Let us recapitulate the media planning here with an example. In marketing communication, media, which carries the message, plays a very important role in the whole process as Media is consumed in varied fashion by an entire spectrum of populace and hence choosing the right Media is of prime importance in order for the communication to reach the target population.

Politically speaking Media is often referred as the fourth estate - parliament, executive, judiciary and the media. In today's globalised economy Media exists primarily to deliver entertainment, information, and advertising to a vast audience. In an open and liberal economy Media and Advertising are inextricably linked. Advertisements have become one of the most important cultural factors in our lives and it will be prudent to say that Advertising is the force, which actually sustains all commercial media. This brings us to the process of Media Planning to effectively spend the advertising money.

The starting point for a media plan must be the marketing situation. This analysis is done to get a bird's eye view of the market in which the brand is operating and its relative position viz. a viz. its competitors. Advertising is used to communicate certain information to the prospects in order to attain the marketing objectives. Media are the means, which carry this communication to the target audience. **This is followed by defining the Advertising Objectives;** they are defined to avoid the possibility that different criteria are used by everyone involved right from Managing Director to the executive in the creative department of the agency. **For example,** the advertising objective could be driving saliency, increasing awareness, reinforcement of existing perceptions, improving the brand image, changing perceptions, inducing certain behavior and trials.

**There is one more dimension to copy strategy.** The **copy of an advertisement depends upon the type of media.** When the same product is advertised on the radio, the message is put in such a way that it goes down effectively with the listeners. Sometimes messages are presented in a lyrical form, which is pleasant to the ears; but when the same product is advertised in, say, a magazine, the copy of the advertisement is read by the audience; and it should, therefore, be an eye-catcher. While reading an advertisement, we have more time to think and analyze it objectively. When the same product is advertised on TV, the audience has the opportunity of viewing it in addition to listening to it. The copy in such a case has to be different from the copy in the other two media. Therefore, in our opinion, it is equally necessary that a correct copy strategy be employed which is suitable to the media used for an advertisement.

#### Media Cost and Media Ability

To get the most out of the advertising rupees spent, the primary concern of the advertiser is media selection. The cost of buying space or time is weighed against the number of audience secured by such advertising. In fact, buying advertising space or time is nothing different from buying commodities. Usually, the question is asked: **“How wide an audience do I get for every rupee I spend?”** The media cost should be commensurate with the measure of the media’s ability to carry the message to the target audience. Media ability covers such qualitative values as audience characteristics, editorial personality, and contribution to advertising effectiveness; above all it refers to a “media image” capable of enhancing the perception and communication value of a message. For example, Channel A and Channel B deliver the same message and the same extension of advertising exposure to the same audience; but if, say, Channel A has a better reputation, honesty and good editorials, the advertisement in this may receive a higher perception and communication among its audience than if it is inserted in Channel B.

The selectivity offered by some media is useful for advertisers, for it enables them to reach & target market with minimum waste. In fact, the media themselves provides a great deal of information on the media about demographic characteristics. The objective of any media is to achieve the best possible matching of media and the market.

The media ability is measured under the following heads:

- i. **Distribution Measurement:** Expressed in the number of copies circulated.
- ii. **Audience Measurement:** Expressed in terms of audience size, audience composition and the amount of audience exposure.
- iii. **Exposure Measurement:** The advertiser looks for the ability of the media to create advertising exposure. Once the media have produced the desired exposure, the quality of the message will determine the subsequent impact in terms of perception, communication and behavioral response.

**Magazines** have different images in the eyes of readers, such as thorough coverage of subject matter; impartial and accurate reporting; stimulating reading; modern and up-to-date; good style of writing, personalized, etc.

The standard method of expressing advertising cost in **newspapers** is rupees per line of standard dimensions. Also, rupees per square inch or square centimeter is the cost of space buying in newspaper and magazines. A newspaper having a larger circulation will naturally charge a higher cost per line or per unit space. Local or regional newspapers have lower circulation and therefore, a comparatively lower rate than the national dailies. For the purpose of effective comparison, both the costs of buying space are to be reduced to the common denominator of line or unit space per unit of circulation. Some authors have formulated a milline rate unit. This is useful in the comparison of newspaper advertising rates. The milline rate is defined as:

$$\text{Milline Rate} = \frac{1,000,000 \times \text{Rate per agate line}}{\text{Circulation}}$$

A newspaper with an agate line rate of Rs. 25/- and having a circulation of 100,000 would be cheaper than a newspaper with a line rate of Rs. 15/- and a circulation of 20,000. In the first newspaper, the milline rate will be Rs. 250/- whereas, in the latter newspaper, it would be Rs. 750/-. The milline rate is the cost expressed in rupees per line per one million circulations.

Similar is the method of **comparing the costs of buying space in magazines.** The cost per thousand is the unit used, which measures the cost of reaching one thousand audience. In the case of television and radio, the rates are expressed in units of time, i.e., so many rupees per 10 seconds spot (film or slide) or per 20-second spot, etc. Again, the number of listeners or viewers varies from one programme to another, or from one radio station to another. Therefore, the more appropriate unit is the cost per commercial minute per thousand viewers or listeners.

The **cost aspect of the media and their ability to reach the audience and achieve the exposure** has been worked out in the following example. For the sake of simplicity, only two magazines at a time are considered for the purpose of comparison. Table 1 gives information on the comparative efficiency of circulation and audience for two magazines, A and B.

Table 1

Comparison Basis	Magazine "A"	Magazine "B"
Cost of 2-page colour ad (central spread)	Rs.15, 000/	Rs.25, 000/
Circulation (No. of copies)	50,000	100,000
Circulation efficiency (cost per 1,000 copies)	Rs.300	Rs.250/
Readers (Nos. per copy)	4/5	3
Issue audience (No. of readers)	225,000	300,000
Audience Efficiency	66/66	83/33



A, though having a higher cost of circulation, shows a better audience efficiency. Similarly, the exposure efficiency may be compared for any number of magazines. In Table 2 comparison of the exposure efficiency of two magazines A and D have been shown.

Table 2

Comparison Basis	Magazine "A"	Magazine "D"
Cost of 2-page colour ad	Rs. 15,000/	Rs. 15,000/
Circulation	100,000	100,000
Readers per copy	3/5	3/5
Issue audience	350,000	350,000
Exposures per reader	1	2
Issue exposure	350,000	700,000
Exposure efficiency (cost per 1,000 exposures)	42/83	21/42

Both magazines A and D have the same circulation and audience, even though the cost of delivering the exposure is lower in magazine D than in magazine A. However, it may be remembered that exposure does not necessarily mean advertisement perception.

A person may have been exposed to the advertisement without conscious awareness of the fact, and without remembering or changing his attitude as a result. In order to know the contribution of advertisement to perception, a detailed media research about the "seeing and reading" data of advertisements are required.

So far we have talked about only the cost. However, the availability of media during specific hours of the day or night has an important bearing on media selection. In various television or radio programmes, time may not be available even if the advertiser is prepared to pay a premium rate. This is true of newspapers, too. Sometimes, a specific space in the total layout is not available. Some advertisers ask for space on the front page, which may not be available because it has already been booked, and are no longer unreserved.

The role of a media planner is no longer confined to CPT (Cost Per Thousand) or TRPs, but is strategic as well. Questions on which media has a better degree of conversion, building brand salience against activities at point-of-sale, dictate a media planner's job as much as building media reach.

Summarizing media selection factors, we may say that they are:

- i. **Media characteristics, such as editorial environment, flexibility, frequency and durability**
- ii. **Nature of the target market;**
- iii. **The nature and type of the product;**
- iv. **The nature of the distribution network; and**
- v. **Overall cost of the medium.**

#### Matching Media and Market

Advertisers must always attempt to match the profile of the target market with the demographic characteristics of a given medium's audience. Let us consider an example of cigarette advertising. The target market for this is men in the age group

of 25 to 60 years. The advertiser would consider placing ads in magazines having a predominantly male readership. Advertising in magazines having a predominantly female readership would be mostly wasteful for this product. It may be true that rarely does any magazine have a 100 per cent male readership. Even so, when selecting a predominantly men's magazine, the advertiser

would minimize wasteful expenditure. Some media, such as general interest consumer magazines and newspapers, network radio and television offer to an advertiser the means of transmitting ad messages to a cross-section of the consumer market. Against this, some other media, such as spot radio and television, special interest magazines, business publications, and some business newspapers offer the means of reaching selective group of audience. The selectivity offered by some media is useful for advertisers, for it enables them to reach a distinct target market with minimum waste. In fact,

the media themselves provides a great deal of information on the media about their demographic characteristics. The objective of any media planner is to achieve the best possible matching of media and the market.

#### Geographical Selectivity

This is different from the class selectivity described above. The class distinction is based on special interests. It may also be based on other demographic factors, such as sex, age, marital status and occupation. The selective class of audience is scattered throughout the country. If we want only to distribute and advertise our product on a regional basis, we have necessarily to have one more selectivity in our media selection, and that is geographical selectivity. In other words, we would like to have both geographic and class selectivity simultaneously while doing our media selection exercises. It may often be difficult to find a special interest magazine that will reach only a particular limited geographic area. This would however, be feasible only when such special interest magazines bring out more and more regional editions.

Finally, the **durability** of the message as a media selection factor deserves elaboration. The durability of the message refers to delivering the same message more than once. Where the repetition of an ad message helps to strengthen the selling impact, the durability of the message is of special interest to the advertiser. Some media have this characteristic. Broadcast media do not offer the durability that an ad message on television offers. The impact of radio commercials survives only for the time of announcement, unlike ad messages in print media, which do survive for a day, a week or a month, depending upon the nature of the publication. One may again refer to an ad in print media; but a radio listener or a television viewer cannot do so once he has heard or viewed it.



Well, now I want you to see what Radio Mirchi has to say about Radio as a Media.

## Ready For Radio?

- **Radio has a uniqueness & edge over other media**
  - Television
  - Print
  - Outdoor
- **Low Ad Avoidance on Radio**
- **Multiple creatives for more impact**
  - Eg. Different creatives for different time zones for better brand exposure
- **Live and Interactive**
- **Local in nature**
  - Radio is most local of all media, hence flexibility to advertisers for catering to specific needs of a particular community / locality
- **Low turnaround times**
  - Eg. We could have spot contests to induce the listeners to go buy the products & win prizes
- **Quotes**



## Media Planning for TV

Based on ratings of the programmes, TV's media planning was a simple exercise till mid-80s. However since the end-80s, DD restricted the allotment of sponsored programmes to 13 episodes at a time, and in multiples thereafter of 13. The ratings started fluctuating since the viewership became fluid/unpredictable.

TV Media Planning based on rating points (GRP: Gross Rating Points) specifies the total number of rating points that are to be achieved once the plan is executed. It then specifies programme genres that will be used. The choice of specific programmes from the genre is left to the TV buyers. The TV buyers fill up the spots on month-to-month basis. To illustrate, a buyer can be asked to buy 7,350 gross rating points. He then can buy these as follows:

Programme Genre	Rating	No. of Spots	Gross Rating
			(Rating x No. Of Spots)
Prime Time Serial	60	60	3600
Film-based Programme	50	75	<u>3750</u>
			7350

## Radio adds to Print

- Interactivity
- Frequency
- Reach
- Emotion
- Day long exposure
- Share of voice overcomes clutter
- Brings intrusiveness to a press campaign
- In a radio-plus-press, radio acts as a persuader/motivator/caller to action



Since then, we have a scenario of multi-channel multi-programme. How to relate this to GRP based TV planning? One approach could be to consider the GRP and the viewership share both at the same time. Just as there is a market share of a product, each programme has a share of viewership, e.g., Chitrahah had a rating of 66 p.c. in Mumbai in 1991 and there were 2 channels, giving Chitrahah a viewership share of 98%. In 1992 the overall viewership of Chitrahah declined to 56 p.c. Therefore, its viewership share dropped to 79 p.c.

Ratings alone are not sufficient. The share of viewership that each programme commands in a scene of multiple channels and multiple programmes is also important. High viewership programmes are not affected by certain loss of viewership but marginal programmes do get affected a lot. A dose watch on viewership share is therefore important to a media planner. Initially loss of viewership may not affect ratings but they will fall in future.

Another important shift may occur in TV Media Planning. Instead of reach, the frequency will be a consideration in planning.

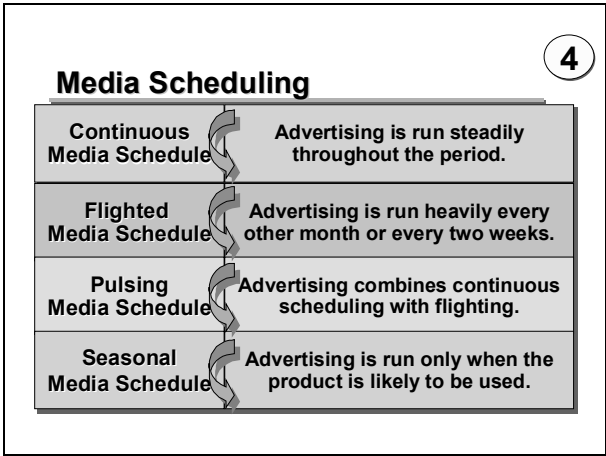
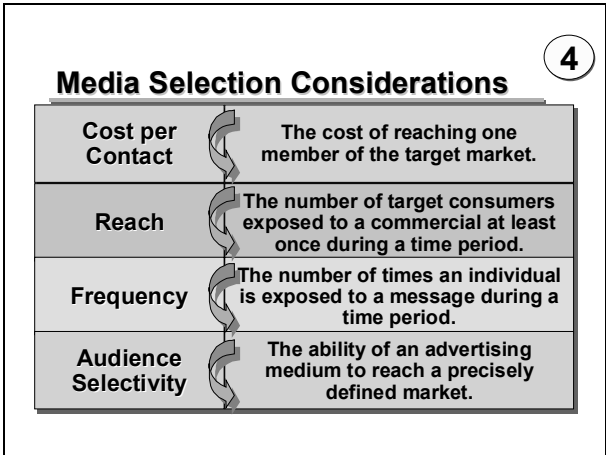
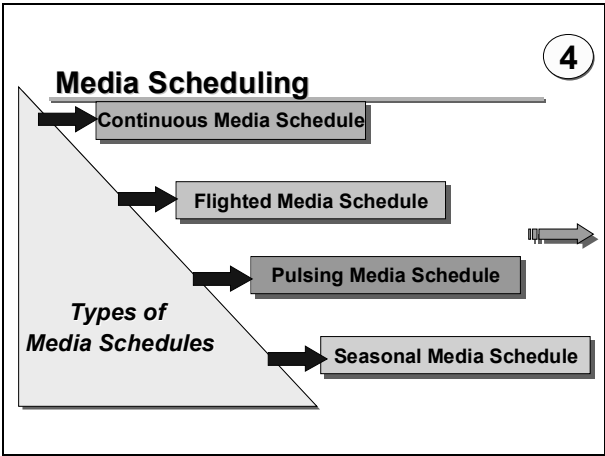
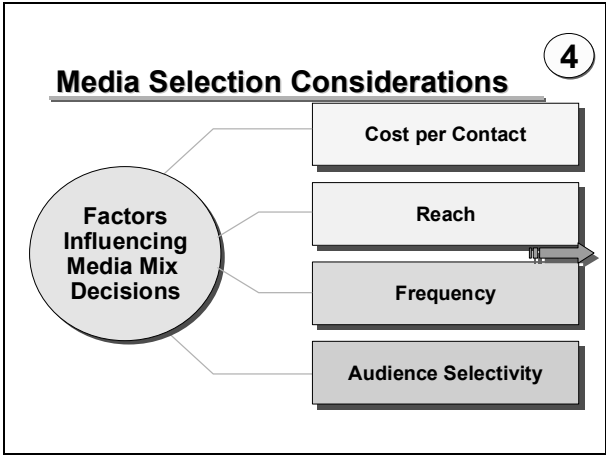
Satellite transmission has enabled media planners to segment the TV viewers in terms of demographic characteristics. Formerly all ads irrespective of the nature of the product were put together for airing. More and more data in future will be available on demographic characteristic of viewers of specific programmes and channels. Right now, for each channel we can assign a social economic class. Star channels are for top class urban audiences, say A-1 in metros. DD caters to the masses, say D to E groups in urban areas and A to E in the rest of the country. Zee TV occupies the mid-band, say A2 to C in 5-lac plus areas. These groupings will move amongst these channels a great deal. New channel options will create their own band of followers. High reach levels by using one or two mass based programmes are not possible now. Audience fragmentation is

## Radio Vis-à-Vis Outdoor

- Heard in full; no looking away or ignoring
- Interactivity
- Reach
- Emotion
- More matter to communicate



thus a thing to reckon with, and spot buying will have to be spread among the different channels. The frequency level will be varied according to each channel to economize. Media plans that were made for a year are now being reviewed every two months.

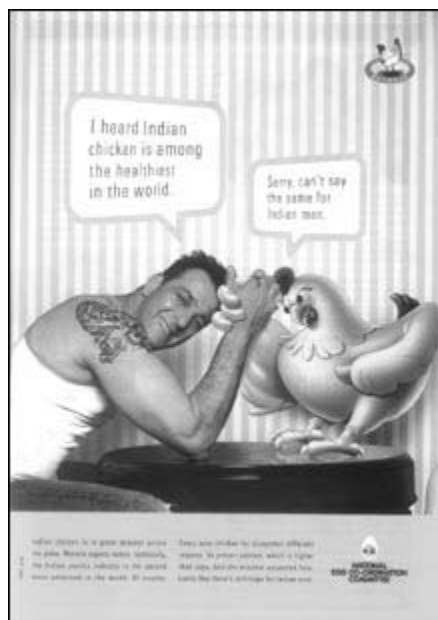


## LESSON 26:

## CREATIVE: MESSAGE-APPEALS, AD DESIGN AND TESTING, COPY WRITING, VISUALS, CREATIVE BRIEFS, IMPACT OF IT ON ADVERTISEMENT DESIGN

## Objective

Students by the end of this lesson you will understand the different ways of reaching out to your target audience via the message route. You will understand the various elements that make up the copy of an advertisement.



So at last you might say we have come to the creative part of the ad campaign. **The print ad appears in the media. The broadcast ad goes on air.** Prior to that, we have to decide what we have to say, and then how do we say that. The **‘what’** part is the **design** of the message, and the **‘how’** part is the **development** of the message, and includes its execution as well.

## Message Design and Positioning

Our advertising message consists of the idea together with other relevant information. The idea spots the uniqueness of the product to win a place in the consumer mind. It is easier said than done. Message design identifies the consumer's perceptions about the products. The following question gives a good insight.

1. What is the nature of the product: its generic category.
2. For whom it is meant: the segment.
3. What are the special characteristics of the product? How is the consumer going to be benefited?
4. Who are the competitors? What is their promise?
5. Is the product different from the other available products? How? Is it a technological breakthrough?
6. On which occasions will the product be used? How often?

7. What would you like your consumer to perceive this brand as? What position would it take?

The answer to these questions is given by marketing research and by the advertiser and his agency. The creativity of the agency matters most here.

Thus there are tonics in the market, for the aged and for the persons recovering from illness. There is a set of tonics for children and expectant mothers. There are haematinic tonics of iron for anaemic individuals. Incremin, a pleasantly flavored tonic containing Lysine – a growth factor from Lederle has been promoted as ‘a tonic for growing –up children’ to stimulate their growth in terms of height. The visual of a giraffe eating leaves off a tall tree, emphasizing its tall neck re-enforces the concept of growth. Incremin found a strong vacant position and just sat on it- the tonic for growing children.

Walter Mendez, the Creative Director of Clarion made a landmark campaign of **Maggie 2- minutes Noodle** a **positioned as any time snack, good to eat and fast, to cook aimed at children to begin with.**

## Marketing, Design and Marketing Objectives

As we have seen, the message is an idea. Along with perhaps other relevant information – attitudes, image etc. meant for the intended target.

The audience sets the agenda of marketing objectives. The objectives tend to vary with audience. **When we communicate with consumers, the objectives could be:**

1. Passing on information
2. Create brand awareness
3. Incite them to act, i.e., to purchase the product
4. Confirm the legitimacy of their choice after the purchase is made.

The objectives when we communicate with the trade could be:

1. To induce them to stock the product
2. To push the product on- the-counter
3. To provide strategic shelf-space to the product.

The objectives when we communicate with manufactures could be:

1. To make them buy our raw material
2. To convince them about rational product benefits
3. To convince them about cost aspects.

The messages are designed keeping the marketing objectives in mind. The consumer profile in terms of their education, interests, experience also has a bearing on message design. The consumers must understand the message.



### Gap between Copywriter and His Audience

The vast majority of our products are not sold to people with a high standard of education and an up-market background.

**Quinn in Secrets of Successful Copywriting** says: “these products are sold to people with few pretensions to higher education and who wouldn’t recognize a literary allusion it leapt up and announced itself. Where the copywriter is literate, they have little or no interest in syntax or grammar; where he is imaginative, they are earthy; where he is enthusiastic, they are different. This is the great schism. It is the happy few copywriters who can adroitly leap over this gap.”

Just go through this article on

Advertising as the real thing

January 3, 2004



TV ads that made us feel better about ourselves... Qantas and VB.

**Not so fast with the remote control, writes Hugh Mackay. Some people consider the ads the best bit.**

From inside a fridge, the camera points at a young man who’s reaching for some beer. In the background we hear the voice of a woman, mentioning that she hasn’t been on a date for months. The man’s hand, hovering fleetingly over the Heineken, now moves to a couple of bottles of unnamed beer on the same shelf.

Turns out she’s been away on a modelling assignment (the hand flashes back to the Heineken); she missed her babies while she was away (uh-oh, we’ll settle for the unnamed beer); the babies are her cats (back to the Heineken). There are eight cats. Eight cats! This boy’s not going to waste his precious Heineken on some freaky cat lady.

Advertising has come a long way since the days of “whiter than white”. The new Heineken campaign doesn’t make a single claim about the beer, and that’s because most advertisers now realise we are more likely to respond favourably to their brands when they talk about us rather than them. As a result, although many people still regard marketing as a rich source of hyperbole, distortion and manipulation, there’s been a steady softening of our attitudes to advertising.

But a culture-shift in advertising itself is only part of the explanation for this softening. A recent survey by the research organisation Ipsos Australia unearthed signs of growing scepticism about matters far more serious than advertising: 63 per cent of survey respondents agreed that “I don’t trust news and current affairs programs as much as I once did” and 57 per cent “don’t trust the government as much as I did a few years ago”. But an astonishing 52 per cent claimed there were no politicians they would regard as reliable or trustworthy.

Such scepticism, paradoxically, contributes to a more sympathetic attitude to advertising, and the latest chapter in the story of that somewhat surprising relationship begins with the invasion of Iraq.

When Newspoll reported last year that two-thirds of Australians believed they had been misled over the reasons for invading Iraq (and half of those believed they had been deliberately misled), it was hard to imagine how that might be good news for anyone.

While our increasing scepticism about political propaganda and spin-doctoring may further erode our esteem for politicians, it has cast those traditional hucksters - the commercial advertisers - in a new light. With advertising, we know exactly where we stand; with politics (and, to judge by those survey results, with some current affairs reporting as well), we’re not so sure. In the world of politics and the media, hidden agendas abound, whereas the advertising agenda is simple and straightforward.

A middle-aged male respondent in my most recent research project - a study of community attitudes to advertising - put it like this: “It’s not exactly rocket science, is it? They’re just trying to sell you their products. It’s not like some of these current affairs programs, where you don’t know whether you’re getting propaganda or someone’s political bullshit.”

From the audience’s point of view, reportage of the Iraq war was, frankly, overblown. It felt like propaganda: people wondered whether the media were too close to the war, too cosy with the invaders and too ready to run the official US line. Journalists “embedded” in combat units, reporters staying in hotels in the target zones for air strikes, intimate accounts of Iraqis’ reactions to the invasion, even while it was happening; all this raised questions about the role of the media in the military process. The carpet-bombing approach to media coverage didn’t help, either: the reportage was so relentless that many TV viewers felt numbed and overwhelmed by the onslaught and

only the most conscientious newspaper readers waded through the war supplements.

To compound the problem, reports from the Arab world found their way into the lounge rooms of the West - via the internet - and convinced many people that there were, indeed, two sides to the story.

Media reportage of the first anniversary of the Bali bombings, similarly, evoked muted criticism among those who felt the private grief of the affected families was in danger of being exploited and hijacked, to serve a political agenda in which the media were complicit.

Such reactions occur against the background of long-standing scepticism about the accuracy of news reportage. "Whenever you know something about a story that's reported in the news, you always find they've got something wrong" is how folklore puts it. If the stories we know about are misreported, distorted, or carelessly presented, what about all the rest?

What politician hasn't complained about media bias? How many corporate executives, church leaders and assorted celebrities have cried "foul" when they've seen themselves reported in ways they felt were unjust, sensationalistic or downright dishonest? We have a long history of hearing such people complain about the shortcomings of the media so perhaps it's not surprising that, in the community at large, scepticism has become entrenched.

In his new book about public language, *Death Sentence*, the historian Don Watson makes no bones about the present degeneration of political discourse: "The Prime Minister's language is platitudinous, unctuous and deceitful. It is in bad taste. If it is not actual propaganda, it has much in common with it."

Watson complains that political and other "official" language is degraded by being buffed into blandness, dehumanised, too carefully contrived and, in the end, homogenised. Our brains, he suggests, turn numb with the effort of trying to work out what it all means.

Obfuscation is bad enough, but what about actual lying? It goes without saying that our political currency is debased when a government minister turns out to have lied to the community about whether asylum seekers threw their children into the sea, whether a boatload of Turkish Kurds asked for asylum in Australia, or whether the invasion of Iraq can properly be linked to the "war on terrorism".

Watson doesn't have any kind words to say about the language of advertising and marketing, either. And yet, by comparison with the dishonesty of recent political utterances and the blandness of so much public language, advertising at its best is like a breath of fresh air.

It is, after all, the business of advertising to wear its heart on its sleeve. To be effective, advertising has to be transparent, if only because we can test its claims. We may bemoan the debasement of political language by the use of advertising techniques that replace serious policy discussion with slick marketing campaigns (the White House, for example, hired a public relations firm to "launch" the idea of the invasion of Iraq to Americans). But

such techniques can hardly be accused of debasing the language of commerce: they are the language of commerce.

However slickly presented the message may be, at least the commercial advertisers' intentions are self-evident: they want to announce the existence of their products and services, and to promote their brands in ways that make them seem as attractive as possible to those in the market for them. We might like or dislike the product, or the advertising, but can we realistically complain of being deceived or manipulated when the rules of our engagement with advertising are so explicit?

Vance Packard spooked an entire generation of consumers with his scaremongering 1957 bestseller, *The Hidden Persuaders*, reinforcing the suspicion that if advertisers could find some devious way of bypassing the normal channels of perception, they would unhesitatingly do so, since everyone knows advertising people are sly and slippery.

The most notorious of those attempts to be devious was the so-called "subliminal advertising" scandal - an attempt to manipulate consumer behaviour without consumers even realising what was happening. Much was made of a 1956 experiment, alleged to have been conducted in a New Jersey cinema, where an advertisement for ice-cream was flashed on the screen subliminally (that is, below the threshold of conscious perception) and ice-cream sales at interval were said to have increased as a result. In fact, the experiment could never be replicated and was eventually exposed as a hoax.

That's reassuring, because it suggests we are unlikely to be influenced by messages that don't register at the conscious level. Advertisers use all kinds of images and devices to attract favourable attention to their brands, but that's the point: it's our attention they're attracting, not some blind, unconscious response. (And they have to spend a king's ransom even to attract our attention, let alone influence us. In 2000, for instance, Coles Myer and Telstra, Australia's two biggest advertisers, spent \$270 million between them, at a time when their shares of their respective markets were actually declining.)

Advertising is a cleaner industry than it used to be. The Trade Practices Act has given consumers long-needed protection against false, misleading or exaggerated claims. These days, you can be sure that an advertising claim is verifiable, and that confidence adds its weight to the new, more relaxed perception of advertising. In this climate, consumers are less worried than they once were about the prospect of being deceived by advertisers.

And, in the case of television commercials, the advent of the remote-control wand - especially the "mute" button - has transformed the viewing experience. If any ads threaten to irritate, offend or patronise us, we simply won't give them space in our minds. Flick! and they're gone.

The most ruthless flickers of all are younger people who have been exposed to the sophistication of modern advertising all their lives and who have learned to take it in their stride - partly because so many of them have received specific instruction in media matters at school. They can enjoy ads without being sucked in; or they can choose to be sucked in because they willingly go along for the ride.

They're just as materialistic as any of their baby boomer parents, but they are more cynical, more sceptical and more relaxed about the commercial marketplace. Their clothes might display more brand names than ever, but - hey! - who cares? Exploited? Us? Get real! Lighten up!

Right now, advertising isn't only benefiting from our decline in respect for political rhetoric; it also offers us good news at a time when so much other news is either bad or disturbing. The world seems increasingly unsafe? Here's an ad encouraging us to disconnect from all that and concentrate on the joys of a backyard barbecue. Events seem beyond our control? Advertising coos at us with soft messages about the things we can control - what to eat or drink, what car to drive, where to shop, what to wear.

The commercial marketplace has always been a place where consumers do more than make a series of rational decisions about products and services they need to buy. The marketplace beckons with its promise of colour and movement, and consumers respond with pleasure. We often go shopping for the experience as well as for the merchandise; we watch the ads for fun as well as for information; our purchases are driven by a combination of rational and emotional factors, and the emotional factors usually prevail.

How effective would it be if Toyota replaced its famous end line, "Oh what a feeling", with something more rational like "Oh what a zero-offset steering assembly!" or "Oh, what a fuel-injection system!" Rational product information has its place (though it's probably not in a TV commercial) but advertising has traditionally based its pitch on emotional appeals, simply because that's how advertisers connect with the buying decision-making process.

The more emotional advertising becomes - the less it makes rational, testable claims - the less "truth" comes into it. (Did anyone ever believe that if you put a certain brand of oil in your engine, a lissome young woman in a bikini would magically materialise on the bonnet of your ute?)

In markets crowded by products and services barely distinguishable from each other on rational grounds, advertising is often the point of discrimination for the consumer. Which brand feels most like me? Which best reflects my style, my values, my aspirations? Which one do I enjoy most? Which one makes me smile? Which one makes me feel better about myself?

Being committed to a commercial brand on largely non-rational grounds is a little like falling in love: yes, she may be stylish, rich, witty and gorgeous, but the main thing is how I feel about me when I'm around her. Successful brands try, via their advertising, to capture a tiny bit of that magic.

You may well argue that this is unhealthy because it reinforces material values, promotes the hollow comfort of retail therapy and presents possessions as a pathway to contentment. All true. There is a moral argument to be had about materialism, capitalism and free enterprise, but it's not an argument specifically about advertising.

Advertising is capitalism's servant, not its architect. It makes a legitimate, if modest, contribution to the total workings of a free enterprise economy. As one of IBM's corporate aphorisms

put it: "Nothing happens until someone sells something," and selling is all advertising has ever been about.

The critics of advertising have often imbued it with more significance than is warranted. It is actually a relatively weak marketing tool, struggling to compete with the consumer's experience, recommendations by friends, price cuts of competitors, free samples, in-store displays and demonstrations that appeal directly to the customer.

It's true that advertising can reinforce some dark and destructive emotions like greed and competitiveness, but only if we want it to, and only if those emotions are there already, waiting to be reinforced. Parents who blame advertising for the greed or materialism of their children are usually pointing the finger in the wrong direction.

Advertising will always attract criticism, of course, because we don't always admire what we see in the mirror it holds up to our society. Its very existence reminds us that we are sometimes greedy, selfish, competitive and materialistic; we sometimes make foolish and irrational purchases; we clutter our lives with stuff that contradicts the values we claim to espouse: "I don't believe in indulging the kids like this," said a young mother in our recent study of advertising, "but I'm afraid I've bought them everything I ever wanted."

Yet it also invites us to have fun and, sometimes, to engage in a little self-indulgence that is mostly harmless and may actually be therapeutic. After all, if you've already decided to buy a car or a tub of margarine or a power suit, where's the harm in Toyota, Flora or Max Mara trying to tug you in the direction of theirs?

How ironic that it took an over-hyped war and fresh doubts about the integrity of our politicians to help us get advertising into perspective. If things keep going like this, advertisers might have to get used to the idea of living with a reputation for trustworthiness - and that may be an even bigger conceptual leap for the industry than it has been for the consumer.

Now let's move on to one of the most interesting topics of advertising.

### Appeals

In order to attract the attention and create interest of the target audience, marketers make use of several appeals – **appeal to the basic needs, social needs and psychological needs of the audience**. At the end the ads provoke the consumer to act - to buy the product. The discussion on different kinds of appeals has been postponed to a subsequent lesson.

The following points are to be kept in mind while communicating with the audience:

1. Instead of building a wall around the product, the message should create a bridge to the target audience by being persuasive.
2. Arouse the audience, and give it a reason for listening to you.
3. Make use of question to involve the audience.
4. Use familiar words and build up points of interest.
5. Use specific and concrete words.
6. Repeat key points.



7. Convince the audience by sticking to facts.
8. Empathize with your audience.
9. Use rhyme and rhythm, for instance when Waterbury's compound is advertised they say 'when vitality is low, Waterbury's brings back the glow.'
10. Make use of Zeigarnik effect, i.e., leave the message incomplete, where the audience is provoked to complete and close it by pondering over it.
11. Ask the audience to draw conclusions.
12. Let them know the implications of these conclusions.

### Message Presentation

Messages are to be structured keeping the objective of the communication and the audience in view. Messages are represented either centrally or peripherally. A central message takes a direct route to persuasion. It is a well – documented ad. It compares advantages and disadvantages of a product. This central presentation provokes active cognitive information processing. **Voltas refrigerators** incorporating rational appeals is an example. These ads are consistent with the self- image of the respondents.

Ad that has got rational appeal is shown below



Peripheral presentation provides pleasant association, scenic background, and favorable inferences about the product.

**These are distinct, rational and emotional appeal ads.** The **rational ads appeal** to logic, give straightforward facts and figures. The **emotional appeal** ads make use emotional and symbolic clues, e.g., an ad for a fire extinguisher. It is seen however that most ads are a bend of rational and emotional message. This has been discussed again in detail in the subsequent lessons on appeals.

### Ad with Emotional Appeal



### Advertising Message Structure

Advertising communication effectiveness not only depends on the message content, though it is no doubt an important component, but on its structure as well. **The important aspects of message structure are: Drawing conclusions, repetition, one –versus- two-sided arguments, and the order of presentation.** We shall discuss them in detail one by one.

- i. **Drawing Conclusion:** The question often raised is whether definite conclusions should be drawn for the audience in the ad for quick understanding or should they be left to them. In many instances, it is best to let the receivers of the promotion message draw their own conclusions. Such consumers' feel that the message, which draws a conclusion, is over-aggressive and an attempt at forcefully influencing their choice. Moreover, since conclusion drawing at best assists in an easy comprehension of facts and not in the process of attitudinal change, it will not affect very much the persuasive quality of ads that aim at a change in attitude. When the issuer involved is simple and the audience. It does not add anything extra to the persuasive quality of the advertisement. Moreover, if the communicator is perceived to be unworthy, the receiver may resent the attempt on his part to draw a conclusion for him and influence his choice.





When the issue is highly personal, the audience may resent the communicator's interference in drawing a conclusion. **A typical example of this is the recent ad campaign sponsored by the PoultryFarm Association in Gujarat, promoting the use of eggs among vegetarians. Eggs from the poultry farms were given a new name the "Veggs" and recommended for consumption in that segment of society which is fully vegetarian.** Since this touches a highly personal issue concerning religious attitudes, the ad was resented, and much criticism was published against it in the Reader's Opinion column in popular dailies. Thus, even though promoters sought the sale of the product in a new segment by drawing specific conclusions, these were not accepted, but rather resented. However, conclusion drawing is favored where the product is a complex or specialized one. The Farex baby food ad, starting with a sensational headline: "Your baby is born with a 3-month gift of iron. After 3 months, milk alone cannot give him the iron he needs." The ad closes with the conclusion: "Doctors recommend Farex. Baby's ideal solid food for rapid all- round growth." A long body copy goes on to explain that Farex is ideal baby solid food.

- ii. **Repetition:** Repeating an ad message is often beneficial, for it develops a continuity of impression in the minds of the target audience, and may increase the predisposition to think and act favorably towards the products advertised. Everything else being equal, a repeated message increases awareness and knowledge on the part of the prospect. Audience retention improves with repetition, and falls off quickly when repetition is abandoned. The relationship of repetition and advertising effectiveness is very important as it creates impact in the mind of the customers.
- iii. **One –versus- two-sided Communication:** This raises the question whether the advertiser should only praise the product or should also mention some of its shortcomings. The most common approach in sales and advertising is a one-sided approach. However, on deep analysis, it is found that one-sided messages tend to work best with the audiences that are initially favourably predisposed to the claims made in the ad message. Two- sided arguments go well when audiences have an unfavorable opinion about the communicator's position. Also, a two- sided message tends to be more effective with educated audiences capable of sound reasoning, particularly when they are exposed to counter propaganda. A two-sided communication produces the greatest attitude change when people are opposed to the point of view presented. Also, a two-sided communication is effective in maintaining the belief level against a counter-attack by competitors. However, it is the single-side communication that is commonly used, for it is difficult for the advertiser to refer to the product's shortcoming and still effectively persuade prospects to buy it.
- iv. **Comparative Advertising (CA):** Here a product is directly or indirectly compared with a competitive product to show the advertised product to advantage. This trend has been seen more and more in some recent campaigns, especially when new brands in parallel categories are springing up at a rapid rate. Most prominent among these have been the

**Pepsi, Salvon, Captain Cook Salt and Pepsodent and Colgate campaigns. The recent Rin-and-a-look-alike-Ariel campaign is also a pointer.** Pepsi was branded by Thums Up as gulab-jamun-like or as a drink kept out in the rain. When coke took over Thums Up, Pepsi retaliated by calling it Thoke. There are hits and counter hits in this game. Captain Cook, the free-flowing salt has been compared to Tata salt that is moist enough to stick. In fact, Captain Cook has translated its technological superiority into product superiority. Whisper sanitary napkins have also been introduced on comparative grounds of absorbance. **The ultimate aim here is to create brand distinction.** While doing so, the competitive product should not denigrate. Besides, there is no end to competitive advertising. In car marketing, we see **Hyundai Santro** campaign directly never compare itself to No. 2. Instead, compare ads are usually a tool for a smaller brand trying to build business. Continued warfare in ads gets boring for consumers. ASCI, specifies that comparative advertising (CA) – direct and implied – is permissible if the aspects of products compared are clear; comparisons do not confer artificial advantages on the advertiser; it is factual, substantial; the consumer is unlikely to be misled; there is no unfair denigration of the competing product. In the USA the Federal Trade Commission encourages truthful non-deceptive CA. In UK, CA is permissible if it is objective, relevant, and verifiable.

#### Negative Advertising

**"Studies conducted by O & M found that commercials which name competing brands are less believable and more confusing than commercials which don't. There is a tendency for viewers to come away with the impression that the brand which you disparage is the hero of your commercial." – David Ogilvy, in Ogilvy on Advertising.**

Unless there is a definitive plus it is not advisable to disparage the other brand. Even definitive plus is no guarantee that the disparaged brand will not be taken as the hero of the commercial.

- v. **Order of Presentation:** Whether to put the strongest argument first or last in the advertiser's presentation is equally important. Sometimes this is considered a part of copywriting strategy. In a one-sided argument, it is advisable to present the strongest point first, for it will result in better attention and interest. This is done with the objective of achieving the primary effect. However, when an audience necessarily required a two-sided communication, it is better, at least initially, to start with the other side's argument and slowly disarm the audience which is opposed to the communicator's position, and then to conclude the message with the strongest argument.

Now lets see Copy of Ads in Print

**The most important copy element is the headline idea.** If the headline idea fails to attract the prospect to the message and the product, the remaining parts of the ad are wasted. The ad copy may be a word-message, or it may have pictures with a short message or a slogan. The words and pictures should be complementary to each other. However, since pictures get better attention than the words in the headline above or below the

picture, we invariably have ads in print with picture, sketches, illustrations and visual symbols. Moreover, a dramatic or provocative picture or photograph can effectively create an emotional or tragic scene, and thus become a good grabber of the prospects' attention. Many copywriters use both pictures and words to put across their creative ideas.



A perfectly worded headline can create the required excitement, a sensational scene most appealing to prospects. Headlines may be in many forms - they may be questions, news flashes, and statements from celebrities, warnings and appeals. There is no right or wrong length or form for an effective headline. Each headline must relate clearly and specifically to the intended audience and to the rest of the advertisement, highlighting the product features and its USP.

**After the headline come the sub-heads.** If the headline has already rightly suggested the product's value to the consumers, the job of the sub-head is easier. Sub-heads should further carry the idea of theme and should help readers to have more knowledge of the product and services, for they (sub-heads) generally expand or amplify the headline idea. One of the ads of FAREX, a baby food item, has its headline: "Your baby is born with a 3-months' gift of iron." The supportive sub-heads say; "After 3 months, milk alone cannot give him the iron he needs. Give him Farex enriched with iron." The headline has highlighted the problem of necessarily giving iron to the baby 3 months after its birth; and the sub-head suggests that the product, Farex, which is enriched with iron, is the right solution of the problem. Several such examples may be given of the headline and its supportive sub-heads.

**After the sub-head comes the body copy.** It stimulates liking and preference for a product; it systematically develops the benefits and promise offered by the product, explains, logically and rationally, product attributes, features and product values, and gives convincing arguments in favor of, and evidence in support of, the claims made about the superiority of the advertised product. In the body copy, both emotional and rational reasons are put forward to persuade consumers to buy

a particular brand. Facts and figures about the product, its test results, testimonials, guarantees of satisfactory performance, and a reference list of customer patronizing the product all these are given in the body copy, depending upon the nature of the product, the market and competition. Emotional appeals are generally useful when advertising "convenience or style goods" rather than consumer durables. **A rational appeal is appropriate for industrial goods.** Due care should be exercised while handling emotional appeals; if over done, there is the possibility that the entire credibility of the ad message would be lost.

Last, but not the least, it may be mentioned here that the closing idea in an ad copy is as important as closing the sale in personal selling. Since an ad is a one-way communication, it should be closed with enough information and motivation for the buyer to act. There are varying types of closing an idea "call to action," "buy now," "visit today our dealer/ stockist," "announcement of festival discount," "send enquiries immediately to," etc.

### Long Copy versus Short Copy

A long copy looks impressive, and more details can be presented in it to the reader. But readers may not often like, or have the time to read, the lengthy body copy of an ad unless the headline is so attractive and persuasive that they automatically begin to read it. Abram Games advocates 'maximum meaning, minimum words.' A short copy may not be fully communicative at times. Therefore, it is incorrect to say that either the short or the long copy enables us to make the right approach in an ad. It should come sentence by sentence to fulfill the promise made in the headline.

The length of the body copy should be just enough for you to say all that has been promised in the headline. Nothing more and nothing less. Sometimes you communicate better by writing short copy instead of being verbose. Our body copy should contain the required reasoning to convince the customers to spend their money on our product. The appeals may be both objective and emotional. We should always be able to make the right emotional appeal.

**Copywriting for newspaper ads is different from copywriting for magazine ads because the newspaper has a different editorial environment.** Moreover, it is mainly filled with news, facts, information and local gossip, and is hardly read for entertainment. It is primarily a source of news and information. It is not read the way your favorite magazine is read. **The copy of a newspaper ad is generally short; it has a high impact headline, which mostly concentrates on one strong selling idea.**

**Newspaper ads are generally placed in a particular place in the classified columns, on the sports page, the investment page, etc.** The copy of such ads has to be different from that of magazine ads even for the same product; you have to tie up your copy with the current news event. For example, when Asiad '82 was held, first newspaper ads had copy based on this great sports event. Again, when the first satellite was launched, many companies released newspaper ads mentioning their association with such a great national event by Way of supplying their products and services to make it a success. When a

national or international exhibition is held, companies do participate by exhibiting their products, and to synchronize with the inauguration of this great event, companies release newspaper ads saying: "Meet us at CHEM-TECH '82, Pavilion No.4, Hall-2." Many examples can be given to drive home the point that the copy of a newspaper ad has to be different from that of the magazine ad even for the same product, the same unique selling proposition (USP) and even the same appeal - objective or emotional.

**Now let us discuss the different types of copy. Below are given the different types of copy; you must visualize an advertisement as you go along.**

- **Scientific copy** (Technical specifications are specified. E.g. High involvement goods or durable goods or industrial goods.)
- **Descriptive copy:** In a non-technical manner, the product attributes are described. The copy uses direct active sentences. There are short and pithy sentences. It looks very commonplace announcement.
- **Narrative copy:** Here a fictional story is narrated. The benefits of the product emerge from the story. Maybe, the narrative is humorous. Or else, it has strong appeal. It should make an imprint on our memory.
- **Colloquial copy:** Here informal conversational language is used to convey the message. It could even become a dialogue. In many TV advertisements, we find the colloquial copy.
- **Humorous copy:** Humor has been heavily used in advertising-especially in TV commercials. It is just as heavily suspect. But effective humour makes the advertisement noticeable.
- **Topical copy** comes about when a copy is integrated to a recent happening or event. Especially during the world cup days, you had ads like – 'Britannia Khao, World Cup Jao'.
- **Endorsement copy** here a product is endorsed by an opinion leader who has a large following. I shall be discussing this at length in a later lecture.
- **Questioning Copy:** In this copy, several questions are put forward not to seek answers but to emphasize a certain attribute.
- **Prestige Copy** The product is not directly advertised. Only a distinguished and favorable atmosphere is created for the sale of the product. The copy is used to build an image.
- **"Reason Why" Copy** It is known as an explanatory copy where the reasons for a purchase are explained. Each reason illustrates a particular attribute, and its benefit to the consumer. One attribute may be chosen and repeated for several times, each time an occasion is given to justify it.

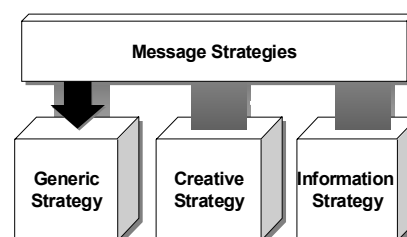


- **Wordless Advertisements** There are at times billboards with only an inscription like Amul. Otherwise they are totally wordless. Wordless advertising is an example of non-verbal communication (NVC) and are pictorially.
- **Comparative copy** here two brands are compared either in good light or in a way to belittle the other. The cola war can be an excellent example of this type.
- **Advertorial** is a newspaper or magazine feature that appears to be edited but is really an ad.
- **Intentional copy** comes about when advertisers copy elements from rival creative in the same product category in order to create dissonance with a view to secure competitive foothold, e.g. Liril Vs Cinthol ads both emphasizing lime freshness. -
- **Disruptive copy** comes about when there is a disruption in the way of thinking or conventional thinking.

### Creative Plan and Copy Strategy

- **Creative platform** is a document that outlines the message strategy decisions for an individual ad.
- Creative platforms combine the basic advertising decisions – problems, objectives, and target markets – with the critical elements of the sales **message strategy** – main idea and details about how the idea will be executed.

### Creative Plan and Copy Strategy



### Lessons in Copy

#### Crafting

Anything that is relevant and readable is read - whether short or long. Body-copy needs as much attention as the headline.

#### Targeting

Words in the copy need crafting like a diamond so that they sparkle. Perhaps this means writing and re-writing a number of times. While doing so, we must remember that spontaneity is

at stake. The litmus test is to sleep over the copy overnight, and see whether the same copy is worth retaining.

## Long Vs. Short Copy

Copies are addressed to a right target audience. Most good copies are designed as if they were meant for a single prospect.

### Write to the Point

Who likes a lingering copy? It is not advisable to beat around the bush. We have to get to the point.

## Copy Style

Copywriting is a versatile art. A copy can be written in the style of a personal talk, a story or a novel. In fact, asking an aspiring copywriter to convert a photograph using different copy styles is a good test.

Ego to be sidelined

A great campaign, which is not our creation, should not be killed for that reason. A campaign should be consistent with the brand personality.

## Personal Presentation

A copywriter has to go and sell his work to the client rather than relying on anyone else.

Be Proud of the Ad

Any creation of yours deserves your best. Red Smith expects a copywriter to sit at the typewriter till little drops of blood appear on his forehead.

## Notes

[illegible][illegible]



## LESSON 27:

## CREATIVE: MESSAGE-APPEALS, AD DESIGN AND TESTING, COPY WRITING, VISUALS, CREATIVE BRIEFS, IMPACT OF IT ON ADVERTISEMENT DESIGN

Students by the end of this session you will understand the importance of headline in a copy then the different types of headlines that you could possibly make finally you will be clear with the elements of TV advertising along with the production method in making a TV commercial



Headline is the most crucial part of advertising. Basically, **it is used to arrest attention and to create interest**. It should go beyond being catchy or sloganising. It really, speaks a lot and contributes to the style and mood of an advertisement. Headlines many times do target the advertisement to a select audience. They are inviting enough to motivate the reader to read the advertisement copy further. Perhaps this they are able to do by being benefit-oriented. Headline is not to be taken too literally. It mostly occurs as the caption, but can occur anywhere in the body of the advertisement copy, even at the end. In a nutshell, self-interest is the key to successful headlines. We would like to know what benefits the product could offer to us, or what solution the company has got for our problems. Many headlines do the positioning work - they highlight a product benefit that is most important. **Many headlines are musical, whereas many are curious**. Some headlines are newsy.

Quinn stresses the importance of the copywriter finding more interesting ways of presenting basically uninteresting propositions. Every headlines, caption, should be the best you have ever written because you are only as good as your last advertisement copy.

#### Basics of Writing Headlines

1. They should suggest a quick and easy way out. It has the capacity to satisfy some need or want.

Let me illustrate. You have heard about Taj Mahal Tea Bags (Dip, Dip, Dip). It has the capacity to quench the thirst. So the advertisement headline says: **THIRSTTEA DIP**.

Similarly, Hawkins pressure cookers', recent headline 'You and Your Hawkins - the safest, fastest, way to tasty food, makes you realize immediately what it can do for you. No wonder they all want it.

2. **Self-interest is created in every headline.**

Warner's Waterbury Compound promises that, "When vitality is low, Waterbury's Compound brings back the glow"

Anne French Hair Remover - The gentle way to cream hair away makes us so comfortable. We can say now goodbye to razor nicks and cuts.

3. **News is included in the headline.** We are always on the look out for new products, new ways to use an old product, or new improvements in an old product. The most powerful words in a headline are **NEW** and **FREE**. There are occasions to use **FREE**, but a few can use **NEW**.

The following list of words gives news value to the advertising.

- Announcing.
  - Surprise.
  - Now.
  - It's here. Just arrived. Amazing. Sensational.
  - Revolutionary.
  - Last chance.
4. **The headline should always target the advertisement towards your prospective customers.** Thus Johnson's baby powder headlines do have the word **MOTHERS** for whom it is meant. Never use a word that will exclude some prospects.
  5. **Many more people read the headlines.** All of them may not read the rest of the copy. So it makes good sense to use the brand name of the product in the headline.  
So the Cerelac advertisements headline reads 'Give your baby the Cerelac advantage from the first solid feed.'
  6. **Headlines can be made by imaginatively coined words (coinages).** The best example is Lacto Calamine's headline "Skinnocence." How wonderful! It is one word headline. But it promises an innocent, blemish free skin. It is so striking too.

Now let us take a simple product like an egg. You want to suggest that it is so exciting to take it. How will you be able to coin a new word, using the two? Yes, you will call it eggcitement. Thus, economics of eggs will be eggnomics and extraordinary qualities of eggs will be called eggstraordinary. So now you have eggspierced it. So eggstatic... and so on and so forth.

7. **We have to include the selling promise in the headline.** Maybe, it makes the headline a little longer. But it sells if

properly constructed. See the 10 words advertisement headline of Fern Instobleach:

Every woman can be faster if only she knows how!

Here is another example where Bonny Mix porridge is described:

BONNY MIX

‘The new instant porridge with the goodness of cereals, fruits and nuts.’

8. **Headlines sometimes arouse our curiosity.** They lure us to read further.

Aura American Diamond Jewellery headline questions you, “Can you keep a secret?” Here artificial diamond jewellery resembling the genuine ones is offered. So the copy goes on, “Ssh it’s happened.”

Can you think on similar lines and create some curious headline again for the same product -artificial diamonds? Here is a specimen:

“Yes, I buy diamonds every week (this what a woman says) and so can you.”

So not even the daughter of super-rich Khaggoshi or Madhvani’s Mumtaz can buy diamonds every week. Naturally, it is a very curious headline. But further reading directs you to Legend - the shop where American diamonds are sold.

However, curiosity by itself is not enough. It has only the pulling power. The further reading should convince us about the usefulness of product.

**Chivas Regal** is curiously advertised like this: **‘The Best things in the world aren’t free. Just duty-free’**. Since it is available at duty-free shops at the airport.

9. **Some headlines play games.** Here puns are used. Literary allusions are used. There may be other obscure things. These are called tricky headlines.

10. **Though to be practiced with caution, negatives** are used in headlines these days as a ‘No cholesterol oil’ etc.

11. **Do not use blind headlines where on its own headline is meaningless**, unless the copy that follows is read. Most people do not read the copy.

So, we must understand what are the **basics of headlines**. I have given below in bullet form.

- You must break the ice
- You have to be concise
- Headlines can’t drift along. They are crisp. They are specific.
- Headlines should be provocative
- Relevant

Just go through this article

10 Tips to Make Your Copy Get Results With Killer Copy Tactics

My friend David Garfinkel is a copywriting genius. He is allowing me to share his ideas with you. Enjoy, think and prosper.

—Patricia Fripp

Advertising Headlines That Make You Rich

The Secret Behind Million-Dollar

by David Garfinkel

Want a little secret to turn your advertising into an irresistible magnet for customers?

Dale Carnegie knew the secret, and that’s one reason his book *How to Win Friends and Influence People* has sold more than 15 million copies. In fact, British Airways recently named it “The Business Book of the 20th Century.”

It’s a great book. But if Dale had titled it “How to Remember People’s Names and Curb Your Incessant Urge to Argue”, do you think it would have sold as well? Probably not. There’s great power in good titles. What you may not realize is the words “How to Win Friends and Influence People” are not only the title of the book. Those words were also the headline of a mail-order ad, which sold the book. The ad ran successfully for many years and sold hundreds of thousands of copies.

So what does this have to do with turning your advertising into an irresistible customer magnet?

Here’s what. Behind the title and headline is a “secret code” that makes it powerful. Dale knew it. Great advertising copywriters know it. And now, you’re going to know it, too.

The “secret code” is actually a generic formula that gets attention and creates desire in your prospect’s mind. Every winning headline has a unique generic formula hidden inside. Here’s the formula in Dale Carnegie’s book title and headline:

How to \_\_\_\_\_ and \_\_\_\_\_.

Let’s see the formula at work. Say you are an executive recruiter, and you help companies find new executives. In reality, your biggest problem is finding the executive candidates in the first place. So, to increase your group of candidates, you decide to run an ad in your local business journal. Here’s how you could use this formula to write a headline for your ad:

How to Get a Better Job and Make More Money

... and right after reading that headline, anyone who’s even a little interested would want to read your ad immediately. Then, if your copy (text) is even halfway decent, you’d get plenty of calls. Or, let’s say you run a martial arts school. Here’s how you could apply the formula in an advertising headline to get you new students:

How to Stay Fit and Protect Yourself

Do you see how powerful that is? You’ve just zeroed-in on people who are likely to be interested in learning martial arts.

The brutal reality of advertising: An ad with a good headline and even mediocre copy will get you a response and generate sales. But with a poor headline, even the most brilliant copy will get you little or no response. Why? Because without a good headline to get their attention, most people won’t read any further.

The good news is, once you have identified a good headline that works in one industry or market, you can adapt it (like we did with the Dale Carnegie headline, above) for your own business. Great headlines work as subject lines in emails, titles on Web pages, and of course as headlines in print ads and sales letters. Great headlines will literally transform your sales.

How does this work in today's economy?

Recently a client asked me to help him introduce a new service to Internet Service Providers. (Note: To understand what you are about to read, you should know that ISPs call their suppliers "backbone providers.") I wrote a direct mail letter and my client sent it out to ISPs. Because my client was revealing new information his prospects hadn't heard before, we used the following "teaser headline" on the front of the envelope:

**What Your Backbone Provider isn't Telling You**

Was this an entirely original headline? No. I had seen a similar "teaser headline" on a successful mailing to promote an investment newsletter:

**What Your Broker Isn't Telling You About High-Tech Stocks**

So I merely identified the "secret code" in the original winning headline, and applied it to my client's market, ISPs.

The response to the mailing was overwhelming! Nearly 10% of the entire ISP industry responded to our letter - and my client has added eight figures of new annual revenues as a result of the business that developed.

I'm telling you this not to brag, but to point out the awesome power of good headlines. While many people spend hours and hours trying to come up with "the perfect headline" for their ads, there is an easier way. Find proven headlines that already work for another business in another industry, and adapt them to your business.

Then prepare for a flood of new customers!

(798 words)

**In the Next page you will see a few examples of print advertising. You should see the formulation of headlines very carefully.**



**Headline:** All your life you have worked hard for your money. Now, we'll make sure your money works hard for you.

**Subhead:** Safety Liquidity Tax benefits Life insurance

**Body copy:** Your years of hard work have today yielded rich dividends either in the form of provident fund, gratuity or even VRS money. What's important now is to make sure this money is invested in the best possible manner. So as to give you a secure future in terms of regular returns and comprehensive protection. Presenting ICICI Pru ReAssure which combines the best of insurance and investment, with the following benefits:

**Liquidity:** Assured regular and steady annual returns. **Tax benefits:** Upto Rs. 60,000 u/s 88. **Survival benefits** are also tax free. **Life cover:** Upto 110% of premium paid. **Safety:** Reassure offers complete safety of your principal amount and guaranteed survival benefits in a volatile market scenario. So, you can now relax and let your money work hard for you.

**Baseline:** We cover you. At every step in life.

A

**Headline:** -

**Subhead:** The mail was something one received either at home or work. Or not at all. Until Sabeer Bhatia made the whole wide world an address.

**Body copy:** ABN AMRO introduces Smart Gold. India's first genuinely smart, chip-enabled Credit Card.

**Baseline:** Look beyond.



**Headline:** Black stands out

**Subhead:** The new black Compaq Presario 3650AP with Intel Pentium 4 Processor that powers your digital world.

**Body copy:** So unconventional, so cool, so black - is what really makes the new, black Compaq Presario 3650AP stand out in a crowd. Its black, elegant styling complements its bold attitude. Now you can download MP3 files, play games or edit photos at a never-before speed with the power of Intel Pentium 4 Processor. The center of your digital world. Go on, check it out for yourself at the nearest Compaq Store and pace up your moves with this stunner.

**Baseline:** brought to your by hp

**AGENCY:** FCB Ulka

Note that in the case of high involvement products like the PC and Insurance, there is more emphasis on the copy.

**Different forms of headlines** are given below as bullet points, you must think of a suitable example as you go along.

- a. **Direct Promise Headline:** Pond's Special Baby Powder headline promises you 'to take good care of your baby.' Such advertisements indicate the benefits of the product or service in a direct manner.
- b. **News Headline:** It may include new promises, product improvements, price reductions, premium offers etc. Parle's Monaco was again made available in a big pack. So the headline announces 'The Big Monaco pack is back.'
- c. **Curiosity or Provocative Headline:** Sweetex, a non-sugar sweetener uses this technique very efficiently in its recent advertisement. The headline is a startling statement, followed by a question:

**There's a rich, gooey chocolate cake hidden in the picture. Can you spot it?**

This headline is so curious that we see what is it all about. There is only a cup of tea.

There is no chocolate. We feel compelled to discover what is hidden in the copy.

The copy begins by saying: It (chocolate cake) is tucked away in the cup of tea. Or more precisely, in the sugar. If you drink five to six cups of tea or coffee a day, each with 2 teaspoons of sugar, you are consuming about 2200 calories a week of sugar alone. Which is equivalent of half a kilo of rich chocolate cake.

- d. **Selective Headline:** This headline holds a specific promise for a special group. Childcare products are for mothers. The headline identifies this group. 'The natural choice for mothers who care ... Childcare.'
- e. **Humorous Headlines:** Though practiced with caution, sometimes it really works wonders. Humor, however, is a suspect element in advertising. In fact, people do not buy from clowns. But it is also true that humor makes the advertisement noticeable. But it should not be the man-slips on banana peel type humor.
- f. **Command Headline:** It also promises a benefit. It is advisory in character. VIP's Feelings cotton panties have the commanding headline: Say Hello with Feelings. It is a great new you. You will appreciate that it is a command but with a promise.
- g. **Situation Headline:** It is based on a peculiar situation like an impending war, flood, earthquake, epidemic etc.
 

**(h) Label Headline:** Some products like a TV set can be headlined as a label. Here there is a strong need for the product and so no other appeal is called for.
- i. **Challenging Headlines:** Mostly a provocative question, its mental compulsive.
- j. **Negative Headlines:** Not very much forward, but are used occasionally to direct to the right product. The Afternoon Dispatch Headline is negative.
 

'Don't Waste Your Money Advertising in the Afternoon  
'Dispatch. Advertise in the  
AFTERNOON'S WOMAN'S EXTRA EVERY  
THURSDAY.'

This is a suitable medium for home-use or woman-oriented products.
- k. **Affirmative Headline:** The message is not very assertive. But it is not denied either. We thus say about Complian: 'Growing Children Need Complian.'
- l. Headlines could be poetic, prosaic, matter of fact or musical.
- m. **News...** People are interested by news. Words like new, introducing, announcing, now, at last, etc. indicate something newsworthy. ('Now program your VCR by simply speaking to the revolutionary VCR VOICE programmer')
- n. **Testimonial...** Nothing is more convincing than a customer endorsement. ('This diet program worked for me. It can work for you, too!')
- o. **Question...** When related to a benefit or the reader's concerns, the question headline is a powerful attention grabber. ('How do I know which mutual fund is right for me?')



Nine good headlines and why they were so profitable

1. **They Laughed When I Sat Down At the Piano . . . But When I Started to Play!** The granddaddy of great advertising headlines; often imitated but rarely equaled. Is there anyone among us who has never longed for or relished an opportunity — when people doubt our ability — to prove them wrong? Plus, people love to root for the underdog, as the main character of this ad so obviously does. This is an action-oriented headline that promises an uplifting story, and we're compelled to read further. Also worth remembering the before-and-after angle can be effective in many headlines.
2. **A Little Mistake That Cost A Farmer \$3,000 A Year.** A highly successful ad that ran in a number of farm magazines. An excellent idea of how sometimes the negative idea of offsetting, reducing or eliminating the risk of loss is even more attractive to the reader than the prospect of gain. A fellow copywriter and good friend like to illustrate this point with the following analogy: Imagine it's 3:00 in the morning and your best friend comes banging on your front door. "Bill, Bill, wake up! I know how we can both make an extra \$500 apiece today — guaranteed!" Chances are, this would be a severe test of your friendship. On the other hand, let's say that same friend came banging on your door at 3:00 in the morning, except this time he's saying, "Bill, Bill, wake up! Somebody's in your driveway stealing the hubcaps off your car!" You wouldn't mind that interruption at all, would you? In fact, you'd be grateful you had such a thoughtful friend. That's because human nature is such that people will fight much harder to avoid losing something they already own than to gain something of greater value they do not own. Another key factor in this ad's success is the attraction of the specific. Note that it wasn't just a mistake; it was a little mistake. What farmer could pass up reading the copy under such a headline? What farmer wouldn't be compelled to find out: "What was the little mistake? Am I making it? If I am making it, how much could it be costing me?"
3. **How To Win Friends And Influence People.** Yes, the title of the book was also the headline for the ad that sold a million books via mail order in less than three years during the latter part of the Great Depression. The key to this ad's success is its strong basic appeal. Who doesn't want to know how to win friends and influence people? The key words are "how to." Without these two words, the ad lacks power, punch and, most importantly, the promise of a benefit. Certain words and phrases are inherently involving and attention grabbing and can be used effectively in just about any headline. Such words and phrases include: How To, How, Here's Why, Which, Who Else, Where, When, What These, This, Which of These For better advertising results, look for a way to use these and other effective words in your headlines.
4. **"I'm impressed — Shell's Caprinus R Oil 40 keeps my EMD's in better condition than any other oil I've used in 20 years."** "They say" advertising copy has substantially greater impact than "we say" advertising. That's why the above testimonial quote makes a highly effective headline for

this business-to-business advertising effort. Above the headline is a four-color photo of the man who provided the quote. He's standing in the engine room, and he's identified as A. E. "Bud" Dacus, chief engineer for the company. The first two paragraphs of the ad's body copy continue in the same vein as the testimonial headline. Do you think we have some believability and credibility working here? You bet we do! Testimonial headlines can help your ads generate a high response, particularly when they come from recognized experts in well-known companies. So be sure you stay close to your customers and regularly spend time reading the mail they send you. You just might find an excellent headline, a natural and highly believable spokesperson and the basis for a very profitable ad campaign.

5. **"If you were given \$4,000,000 to spend — isn't this the kind of Health Club you'd build?"** Interrogative headlines like this help entice readers into the copy, and there are many ways they can be put to effective use. This headline is a self-incriminating and highly adaptable technique to have readers help specify what they would value most in such a product. The copy follows through along these lines: Surely you would put this feature into it. You would be sure that it brought you this advantage — and so on. The payoff to the ad is: "We've already done it all for you." Below are more interrogative headlines:
6. **"Do You Make These Mistakes In English?"** This is a direct challenge made provocative and effective with the inclusion of one vital word: "these." "What are these particular mistakes? Do I make them?" Notice also its promise to provide the reader with helpful information.
7. **"Do You Do Any of These Ten Embarrassing Things?"** This question is similar to number six as it preys on our insecurities and makes us wonder, "Which ten are they? Do I do any of them?" The bottom line is, "I better read and find out."
8. **"How Much Is 'Worker Tension' Costing Your Company?"** This one uses a similar approach to number seven, this time from a business-to-business perspective. Notice the quotation marks around the words "worker tension." Don't they add a certain element of intrigue?
9. **"Six Types of Investors — Which Group Are You In?"** And finally, this headline appeals to our innate curiosity about us. These last five headlines all have similar characteristics. And one factor that comes through loud and clear is that they are all written from one primary viewpoint: "The point of you." Each of them, in fact, contains some version of the word "you." Even though millions of words have already been written about the point of you, let me remind you again to always keep your prospects and customers at the front and center of all advertising you do.

In case of **electronic media** the rules are the same but you must incorporate certain other ideas as well. I am giving you certain tips on how to go about **TV commercials**.

1. **Always stick to one selling idea:** Being a fast-paced medium that has to convey message in a matter of a few seconds, we should restrict to one major selling idea. Diffused communication does not get across the viewers.

The novel USP or the big idea produces a lasting impact. Most ads are overcrowded with one-product attributes. Even with 40 seconds, there is room for only one central idea.

2. **Whenever possible, show the product in use:** Demonstration of the product is one key advantage of TV and whenever possible product should be shown in use. Stubborn stain on clothes and demonstration of Ariel's effectiveness is an example.
3. **Use more visuals and fewer words:** TV commercial is essentially a picture story. It should use minimum copy.
4. **Show the package:** Either at the beginning or the middle or preferably at the end, the product and its package must be shown.
5. **Avoid visual clichés:** If viewers can anticipate the visual images of the commercial, the impact of the commercial would be lesser. Visuals should be uncommon and unique. Stereotyped visuals lack effect.
6. **Close-ups:** Product close-ups for sensory-stimulation are used for ice creams, chocolate bars etc.
7. **Opening with a surprise:** Since only a few seconds are available, we should arrest the attention of viewers by introducing the first frame with an element of surprise. The 'inevitable surprise' evokes more than a desired response in the target audience; and has been linked to creativity by I van Arthur and Gopi Kukde.
8. **Jingles:** Jingles have great value for India's audiences who like lyrics and melody. They are useful to create brand awareness, and have a high re-call value.
9. **Make actors talk:** The cast in the commercial should do most of the talking. VO should be reserved for some comments at the end.
10. **Supers:** Brand name/product benefit can be super-imposed on screen to reinforce the oral message.
11. **Identify the Brand:** It is advisable to identify the advertised brand in the first 10 seconds. Later, the brand name be repeated.
12. **Use emotional approach:** The emotional magic works wonderfully. Remember the magic reel of Rath Vanaspati commercial. Parents coo over a little baby in a crib. The camera pulls back. We see a boy watching first with envy and then sadness (sibling rivalry). The sullen boy goes up and sits at the bottom of the stairs. He feels left out and hurt. He is angry too. But mum has caught on. She cooks a little treat in Rath vanaspati, and takes it across to him. Slowly he smiles, he is loved after all. It is a gripping emotional story line. It is credible. It gives a sense of involvement. Such films cannot be short-duration (say 20 or 15 seconds) since these cannot lend themselves to emotional treatment.  
The commercial must be given a deep psychological appeal. Here we communicate to reach the deeper recesses of human mind. The consumers then identify themselves with the brand. **For instance, Woodward's Gripe Water and Vicks Vapo Rub commercials are good examples.**

13. **Use metaphors:** They have a long life as ideas in advertising communications. They lend themselves to easy execution and can be used in sustained manner. For instance, **AP's Maharaja, Liril girl Priety Zinta under the waterfall, Lalitaji in Surf, Amul girl in butter ads is examples of metaphors.**

14. **Repeat the idea:** The same idea is repeated in different forms, though the idea remains constant. Lux - a beauty soap is endorsed by different stars. Limca is a thirst drink in different ways.

## Forms of TV Commercials

### Animals

They are fertile analogies. You must have noticed a Tiger in the Maruti Zen ad. The majestic lion stalling the Videocon ad (Bring Home the Leader) must have become a producer's nightmare.

### Use a film Genre

The commercial can be produced on the lines of a movie. It can mimic an action-movie or a spy-thriller or a bank-robbery or a song-and-dance sequence. Many Indian commercials are based on film-based conventions. Some may go even a step further, and use the actual footage of a well-known movie. Pan Parag's Dhoom Macha De, Rang Jama De compresses a thriller into sixty-seconds.

### Music and Song

Mostly, life-style advertising of soft drinks adopts this format. It is also popularly used for personal care products. Commercial's music itself may become hit with the masses. Jingles are used to sing product virtues. Video fast and loose cutting, special effects, random colours, animation, stock footage, graphics, computer-generated images - all these make music and song commercials memorable. However, it is always the music that over-rides the visuals, rather than visuals having an under-score of music.

### Vignettes

The main selling message is woven around a series of bask situations which are shown in rapid fire succession. The effect may be humorous. M-Seal commercial shows vignettes that show the effects of leaks. Alternatively, a variety of potential customers can be shown for a product.

### Endorsement/Testimonials

Here a celebrity or an actual user endorses a product. It is a refreshing approach. When the actual user is an ordinary person, the copy should be convincing, e.g., Lalitaji recommends Surf. The choice of the endorser depends upon the product. Lux is a very famous example of this type of commercial. The message of clear complexion and beauty care sounds credible when Rani Mukherjee recommends it. So far the Lux campaign has used 300 stars all over India, and currently signs up 40 stars a year for this 'product personality synchronization.

### Use Anachronism

Akbar the Great can be shown eating a fast food or Noorjahan using premium soap. Humorous situation can be created. Judicious use of historical or fictional figures delivers the effect of endorsement without paying to a live figure.

### Colloquial Copy

Here informal conversational language is used to convey the message. It could even become a dialogue. Amul chocolates commercials titled 'a gift for someone you love' follow a colloquial pattern. The woman says: "I am too old for mini-skirts, too young to be grandma." "But the man says: 'I think you're just right for Amul chocolates.'"

**Demonstration** Videocon Washing Machine commercial is the best example of a demonstration. The mummy in the commercial, switches on the machine after putting clothes and detergent in it. It washes, rinses and dries too, in just a few minutes. And you are ready for the show.

### Humorous Commercials

Claude Hopkins said, "Spending money is serious business, and people do not buy from clowns." Since then, humor has not been much favored. Yet for noticeability, some commercials do adopt this format. By and large humor is the man-slips-on-banana-peel variety. Maachar hoon main, Louis mera naam.... Could make it into this category.

### Slice of Life

It is a short play-like situation. The dialogue/characters pose a consumer problem. The product offers the solution. Cough and cold remedies may be advertised this way. Reynolds Ball-point pen commercial is a slick slice of life creation. It establishes the ballpoint pen as a communicator rather than merely a writing instrument.

### Real Life Situations in Slice of Life Scenes

The Dove soap campaign also uses the same technique. Whisper napkins use the same technique, but a model Renuka Shahane is used. However, she talks like an ordinary woman, quite naturally. However, non-models make the ads more credible. Cadbury invited viewers to send in real moments of their lives. Real ads with non-models build credibility and identification. These ads are difficult to execute and are expensive to produce. Several non-models are tried to get the right one. Besides, we can get several right films, or not even a single one. It is risky. Besides each does not lend itself to real life advertising. This form of ad, rules out armchair copywriting in an agency. Here the agency comes to the scene of action. What is more important is not just looking real but sounding honest. The transparency leads to sales.

### Dramatization

Dramatization is an effective way of pinpointing a problem, putting it forward dramatically to the audience, and finally solving it with the help of the product that is advertised. Mostly a specific feature of the product is highlighted to get attention. Kitply is fire-resistant, and to prove it the Kitply showroom is set on fire.

### Animation

Who does not enjoy the watching of cartoons of Tom, chasing Jerry all over the house? A flurry of action and movement characterizes these cartoons. Walt Disney is one of the best animators the world has ever known. His creation, the Mickey Mouse, is the best-known cartoon character.

### Production of TV Commercial

The Ad film is highly effective in creating an impression or image, in building an argument or in developing a story that can be used to lead to subtle shifts in audience perceptions. Ad films can take a whole multitude of possible forms, borrowing from or extending a range of familiar, acceptable programme styles - anything from cartoon animation to news report to dramatization. Ad films are not normally effective in delivering a complex, detailed mass of data or argument except to an already-expert audience. Viewers do not easily absorb complex material. Only overall impressions and perspectives and a few highlights are likely to be retained. Sometimes it is obvious that a film will be helpful, and what it should contain. Often, though, the communications objective can be clear while the form and content of the film are open to a number of possible approaches or interpretations. In these circumstances it may be helpful to keep an open mind on the particular form the film should take. Suggestions from prospective producers may be illuminatingly varied, and may offer opportunities for creating memorable, effective Ad films of a type quite unlike any first thoughts on how it might be done. The following steps broadly cover the production steps involved in a medium sized production.

### Developing A Production Schedule

Drawing up a tentative schedule is ideally the right way to approach the production. Generally, broadcast or distribution deadlines will dictate the production schedule (the written timetable listing the time allotted for each production step). Not planning things out carefully might cause you to miss a critical deadline, which might render the production worthless.

### Selecting Key Production Personnel

At about this point remaining above-the-line production personnel are brought on board. In addition to the producer and writer, the above-the-line personnel include the production manager and director; and, in general, the key creative team members. And, of course, below-the-line personnel, who are generally assigned later, include the technical staff.

### Deciding on Locations

Next, if the production isn't done in the studio, deciding on key locations is the next step. In a major production a location scout or location manager should be hired to find and coordinate the use of the locations suggested by the script. Although it might be much easier to shoot in a TV studio, the authenticity of "real" locations, lends itself in the creation of dramatic productions. Cities that encourage TV and film production have film commissions that supply photos and videotapes of interesting shooting locations in their area. These commissions are located in most major cities and they will provide information on usage fees and the people who need to be contacted. It's often necessary to make some changes in the on-location settings. Rooms may have to be repainted or redecorated, signs changed, etc.

### Deciding on Talent, Wardrobe and Sets

Depending upon the type of production, auditions may take place at this point as part of the casting process (selecting the people for the various roles). Once decisions are made, contracts can be negotiated and signed. Once the talent or actors are

decided on, the selection of wardrobes can start. After a set designer is hired, he or she will review the script, possibly do some research, and then discuss initial ideas with the director. Once there is agreement, sketches of the sets can be made for final approval before actual construction starts. Rehearsals, from initial table readings to the final dress rehearsal, can then be scheduled. Even though sets may not be finished at this point, the talent can start reading through the script with the director to establish pace, emphasis and basic blocking (positioning of sets, furniture, cameras, actors, etc.). Once the sets are finished, final blocking and dress rehearsals can get underway.

#### Deciding on the Remaining Production Personnel

At this point arrangements can be made on key technical personnel, equipment and facilities. This includes the rental of equipment and production facilities. Transportation, catering (food and refreshment trucks) and on-location accommodations (for overnight stays) must also be arranged. If unions are involved, their contracts will cover job descriptions and specific crew responsibilities. Working hours, including graduated pay increases for overtime hours, will also be spelled out. In addition, unions often set minimum standards for transportation, and the quality of meals and accommodations.

#### Obtaining Permits, Insurance and Clearances

In major cities and in many foreign countries it's not possible to just go to the location of your choice, setting up a tripod, and start taping. Necessary access permits, licenses, security bonds and insurance policies must be arranged. Spot news and short documentary segments often do not require permits. Many semipublic interior locations, such as shopping malls, also require filming permits. Depending on the nature of the production, liability insurance and security bonds may be necessary in case an accident is directly or indirectly attributed to the production. In some locations the controlling agency will limit exterior production to certain areas and to specific hours. If there's a street scene and traffic will be affected, it will be necessary to arrange for special police. Included in this category are a wide variety of clearances. They range from permission to use prerecorded music to reserving satellite time. If clearance cannot be obtained, alternatives must be quickly explored.

#### Selecting Video Inserts, Still Photos and Graphics

As things progress program inserts can be selected. During this phase arrangements can be made for shooting and acquiring VTR or film inserts, still photos and graphics. If possible, existing stock footage is secured (generally for a fee) from film or tape libraries located around the country. Initial decisions on music are made at this point. Copyright clearances and royalties must be worked out for music and visual inserts. (These things will be discussed in more detail later.)

#### Rehearsals and Shooting

Depending on the type of production, rehearsal may take place either minutes or days before the actual shooting. Productions shot live-on-tape (without stopping except for major problems) should be rehearsed before taping starts. This includes early walk-through rehearsals, camera rehearsals and one or more dress rehearsals. Productions shot single-camera, film-style are taped one scene at a time. Rehearsals generally take place right before each scene is taped.

#### The Editing Phase

After shooting is completed the producer, director, and videotape editor review the tapes and editing decisions are made. For major productions this has traditionally been done in two phases. First, there is off-line editing, using copies of the original tapes. Off-line editing decisions are typically made by editing a time-coded copy of the original footage. Using this edited tape and an EDL (edit decision list) as a guide, the production then moves to on-line editing where much more sophisticated (and expensive) equipment is used to create the edited master, the final edited version of the tape. During this final editing phase all necessary sound sweetening (enhancing), color balancing, and special effects are added. As high-quality nonlinear, digital editing becomes more widely used, the need for an off-line editing phase may be eliminated, or at least made optional.

#### Postproduction Follow-Up

Although most of the production crew will be finished once production wraps (finishes), there is still much in the way of follow-up work to be done. Final bills have to be paid, financial statements totaled, and the success or failure of the production determined.

#### Slogans

Slogans are catchy sentences or phrase that is easy to remember. Copywriters continuously for the sake of establishing it use it. It creates an impact of repetition. Gives an identity to the company or to the product.

It is part of the copy and is an effective and a concise manner of telling an idea. A slogan is necessary because they are:

- Direct
- Short
- Easily remembered
- Repeat the brand name
- Friendly phrases

The **characteristics** of a good slogan are as follows:

- Should be simple and straight forward
- Carries some pleasing sales idea
- Conveys more in a compact form
- Good slogan finishes the job in 7-8 words
- So many ideas give rise to one good slogan

In the next page you will find some award winning slogans of all times.



Few award winning ad slogans of the last millennium,  
which have created differentiation in the minds of the  
consumers

Year	Brand	Slogan	Agency
1998	Apple Macintosh	Think different.	Chiat/Day
1994	Tango	You know when you've been Tango'd.	HHCL
1990's	Tata Sierra	It is not owned. It's possessed.	O & M
1990's	Esteem	Move Ahead in Luxury.	Lintas
1990's	Adidas	Forever sport.	???
1990's	NIIT	If you are not ahead, you're out.	Contract
1989	Carling Black Label	I bet he drinks Carling Black Label.	WCRC
1988	The Mail on Sunday	A newspaper, not a snoozepaper.	Lowe Howard-Spink
1988	Nike	Just do it.	Wieden & Kennedy
1987	The Independent	It is. Are you?	Saatchi & Saatchi
1986	Castlemaine XXXX	Australians wouldn't give a XXXX for anything else.	Saatchi & Saatchi
1985	Cadbury's Fruit & Nut	Are you a Cadbury's Fruit & Nut case?	Young & Rubicam
1984	Toshiba	Hello Tosh, gotta Toshiba?	Gold Greenlees Trott
1983	British Airways	The world's favourite airline.	Saatchi & Saatchi
1981	Stella Artois	Reassuringly expensive.	Lowe Howard-Spink
1980's	Raymond	The Complete Man.	???
1979	Fiat Strada	Hand-built by robots.	Collett Dickenson Pearce & Partners
1976	Alka Seltzer	Plop, plop*, fizz, fizz, oh what a relief it is. * In the UK, this became Plink, plink, fizz, fizz,	Jack Tinker & Partners
1975	American Express	Don't leave home without it.	Ogilvy & Mather
1970's	Birla Mutual Fund	The name inspires trust	???
1974	Heineken	Heineken refreshes the parts other beers cannot reach.	Collett Dickenson Pearce & Partners
1973	Pepsi Cola	Lipsmackin' thirstquenchin' acetastin' motivatin' goodbuzzin' cooltalkin' highwalkin' fastlivin' evergivin' coolfizzin' Pepsi.	Boase Massimi Pollitt

1973	Seven Up -- 7 Up	The Uncola.	J Walter
1972	Perdue	It takes a tough man to make a tender chicken.	Scali, McCabe & Sloves
1970's	The Taj Group	India's First, Asia's Finest	???
1968	Cadbury's Milk Tray	And all because the lady loves Milk Tray.	Leo Burnett
1967	Heinz Baked Beans	Beanz meanz Heinz.	Young & Rubicam
1967	Levy's Rye Bread	You don't have to be Jewish to love Levy's.	Doyle Dane Bernbach
1964	Clairol	Does she or doesn't she?	Foote Cone & Belding
1964	Esso	Put a tiger in your tank.	McCann-Erickson
1962	Volkswagen	Think small.	Doyle Dane Bernbach
1962	Avis Rent A Car	We try harder.	Doyle Dane Bernbach
1962	Crest	Look, Ma, no cavities!	Benton & Bowles
1960s	Hamlet	Happiness is a cigar called Hamlet.	Collett Dickenson Pearce & Partners
1960s	Mars	A Mars a day helps you work, rest and play.	D'Arcy Masius Benton & Bowles
1960s	Amul	The taste of India.	???
1960s	Utica Club	We drink all we can. The rest we sell.	Doyle Dane Bernbach
1940s	Lux	Beauty Soap of Film Stars	???
1957	Egg Marketing Board	Go to work on an egg.	Mather & Crowther
1956	Timex	It takes a licking and keeps on ticking.	???
1950s	De Beers Consolidated	A diamond is forever.	J Walter Thompson
1932	Kellogg's Rice Krispies	Snap! Crackle! Pop!	J Walter Thompson
1930s	Guinness	My goodness, my Guinness!	S H Benson
1930s	Haig Scotch Whisky	Don't be vague. Ask for Haig.	Lord & Thomas
1930s	MG	Safety fast.	???
1929	Coca Cola	The pause that refreshes.	???
1929	Guinness	Guinness is good for you.	S H Benson
1920s	Packard	Ask the man who owns one.	Austin Bement, Inc.
1915	Maxwell House	Good to the last drop.	???
19	IBM	I think, therefore IBM.	Ogilvy & Mather
19	Kit-Kat	Have a break. Have a Kit-Kat.	J Walter Thompson
19	M&Ms	M&Ms melt in your mouth, not in your hand.	???



Advertising has become expensive, time-consuming and an important marketing activity. Firms have a great stake in the success of their advertising campaigns, for their growth and, at times, even their survival, depend on it. A vast amount of time, money and energy go into the creative work of developing advertising appeals to influence the buying behavior of consumers. Through various appeals, advertising influence, rationally or emotionally, the prospects' purchase decisions. For this purpose, they take the help of varying product features or attributes in their ad appeals, or seek to influence consumer perception of, and, changes in consumer attitude to, the advertised product or brand. Ad appeals may be product-oriented or consumer-oriented. Since there are a large number of such ad appeals, it would be difficult to discuss them all. It would, therefore, be helpful to devise a framework for classifying advertising appeals.

### Human Needs as Basis for Appeals

The basic concepts in marketing tell us that PI: is all about satisfying consumer wants and needs. Product and services are offered by the marketer to satisfy one need or the other. Most of the time needs are well known; but sometimes it is the marketer who creates consumer demand. This is what we call creative marketing. Ultimately, all advertising appeals are created for the purpose of activating human needs and wants, and showing how the advertised brand can satisfy those needs and wants. The advertiser has to determine the needs at which the advertising message should be directed. Though it looks simple, it is, in fact, very difficult to arrive at the right human needs or wants, which would be the basis for ad appeals. Psychologists themselves do not seem to agree upon what constitutes a set of basic human needs. However, there are some generally accepted standard list of need structure, which provide some guidelines to the marketer for developing advertising appeals. The most popular and widely accepted need scheme is the one given by A.H. Maslow. Maslow's basic human need structure states five levels hierarchically. They are:

- i. **Physiological Needs or Creature Comforts (Hunger, Thirst, Sex, etc.):** These are biological need such as food, water, sleep, and so on, and are the most potent of all human needs. These are therefore placed at the first level of the hierarchy.

- ii. **Safety Needs (Security, Protection, etc.):** These are based on the needs for physical safety and security, and stress such things as preference of the familiar to the unfamiliar and for the known to the unknown.
- iii. **Love Needs (Affection, Belongingness, etc.):** These needs are at least partially fulfilled by marriage parenthood and belonging to organizations, such as the Rotary, Lions and others.
- iv. **Esteem Needs (Self-Respect, Prestige, Social Approval, Achievement, etc.):** As love needs become least partially satisfied, the need for such things as prestige, self-respect, esteem and status emerge. The desire for achievement, independence and self-confidence are also part of these needs.
- v. **Self Actualization Needs (Self-Fulfillment, Self-Experience, etc.):** The desire for self-fulfillment, or becoming everything one is capable of becoming is the essence of these needs. Included in them are aesthetic satisfaction, acquiring knowledge, and so on.

Maslow states that each "higher" need dominates the organism as the lower ones become satisfied or nearly (sufficiently) satisfied. A person who has basically satisfied his physiological and safety needs will become concerned about the satisfaction of progressively higher level needs (love, esteem, self-actualization). One of these five stages is always prepotent, even though the needs at other stages are still influential; that is, some needs from all the five stages may operate on an individual at the time that one stage is dominant. An important point to remember is that a consumer does have to satisfy one class of needs completely before progressing to other classes.

Taking a closer look at the human needs, we find that physiological needs are the most basic of the five basic needs structure of Maslow. The need for food and water is so essential that, without its satisfaction, life would cease to exist. An individual is first concerned about the satisfaction of his food, water, sleep, and other biological needs. In a society where basic physiological needs are not fulfilled, advertisers of food and related products have to depict them as a better way of satisfying the hunger needs. In contrast to this, where most people in a society have this need satisfied, the advertiser should depict the food item as one, which can help to satisfy a higher-level need, i.e., love or esteem, for example. Once the physiological needs have been largely satisfied, every human being is concerned with the next level of his needs, i.e., safety needs. When these two basic needs have been largely satisfied, he is free from constant fear for his safety, health and security. Advertising of food products for the satisfaction of the needs of hunger is hardly necessary. However, advertising: for economical housing societies, life insurance policies, cheaper but nutritious food, healthy drinking water and promotion of sanitary living conditions - these would still be relevant to our society.

Next to the safety needs come love needs. Every individual, whose first two levels of needs, have been fairly satisfied, will seek to love and would like to be loved by others. Love, here, is not to be construed as synonymous with the physiological sense. Sex involves both physiological and psychological

gratification. Sex is often used in advertising, as a means of satisfying both physiological and love needs. Advertisers have made an extensive use of sex appeals in their advertising. However, these appeals are aimed at the satisfaction of the love need (affection).

**Esteem** needs are of two types: **one**, those which are related to how a person sees himself reflected in his personal achievement and self-confidence; and, **second**, those which are related to how, he believes, others see him. How others see him is reflected in the attention and recognition he receives from others as well as his reputation and prestige among other people. Suiting ads of Vimal, Dinesh and Digjam aim at increasing the self-confidence of the user. The jewellery ads of Tribhovandas in Mumbai stress the prestige you can enjoy by using such expensive jewellery. Advertising of any product, which can increase the self-confidence, and self-worth of those who use it makes this appeal - the satisfaction of the self-esteem need. Many ads use the prestige appeal, which the user of such advertised products will enjoy.

Maslow's hierarchy of the need structure is the most widely accepted list of basic needs, a detailed knowledge of which is necessary for any advertiser. However, others have also given their own classification. Combs and Snygg are of the opinion that there is only one basic need - the need for maintaining or enhancing one's self-concept. Berelson and Stenier have given a list of primary and secondary human needs. The primary needs are physiological ones based on the biological functioning of every human being. The secondary needs, according to them, are those which are acquired or learnt, and are not necessary for the basic biological functioning of an individual.

The primary needs include

- i. Supply Motives: Hunger and thirst.
- ii. Avoidance Motives: Avoidance of pain, fear, harm and other negative consequences.
- iii. Species-maintaining Motives: Reproduction, mating and nutritive motives.

The secondary needs include

- i. Acquired or Learned: It is believed that secondary needs are learned because of the satisfaction of primary needs. One learns that one can better satisfy one's hunger-and-thirst need by acquiring property and other possessions;
- ii. Recognition needs;
- iii. Affiliation needs.

The following conclusions may now be drawn:

- i. Unsatisfied needs are motivators of behavior and satisfied needs are not.
- ii. Much of human behavior is motivated by subconscious and unconscious needs. These are needs we do not or cannot consciously admit to ourselves. For example, in one of the ads of "Sir Shirts," it was said: "This is the MAN SIR is made for." A handsome man, together with his lovely girl, is shown in the picture. Man has an unsatisfied (and unconscious) need for exhibiting himself as a "he" man to his sweetheart. Wearing a Sir Shirt is presumably a symbolic way of satisfying this unconscious need.

- iii. Generally, several needs operate simultaneously to cause a given behavior response; but only some needs are more important in behavior than others. These "key" needs should be identified and appealed to, directly and indirectly in the advertising message.

### Buying Motives

We have already seen that needs motivate us. The various buying motives are given here by way of illustration. Essentially, the advertisers appeal to some of these motives or needs in their ad message.

Different kinds of motives encourage people to certain goals. All of man's actions are guided by his cognition, i.e., his apprehension, his awareness and his anticipation. When we ask a question: Why do people buy? We are in reality asking the question of motivation of buying. Motivation is thus concerned with the why of human behavior. Motives arouse and maintain activity and determine the general direction of behavior of an individual. In essence motives or needs are the mainsprings of action. Need or motive is something in an individual that prompts him to action. The following are the important buying motives:

**Unconscious Motivation:** Freud invited our attention to the unconscious motivation. People are not really aware of everything they want, that they will often have tastes, 'biases or attitudes which strongly influence their buying behavior. But they really cannot account for it.

**Power Motive:** Power is a very strong motivator. We buy many things so that we can exercise power over others.

**Competence Motives:** We have a desire to have job mastery and professional advancement.

So a doctor buys many types of equipment according to competence motive.

**Affiliation Motive:** Man is a sociable creature. We seek the company of others to gain some impersonal reward. The desire to be with other people for its own pleasure is also known. In many life-style advertising of products like cigarettes and soft drinks, we make use of affiliation motive.

**Security Needs:** Investments decisions, medicines, insurance policies etc. are sold on the basis of this need. Hosiery, woollens, umbrellas, rainwear etc. also get purchased against this need. This need is operative both at the conscious and unconscious levels. Fear is used as negative appeal to emphasize this motive.

**Social Needs or Motives:** Needs for belongingness is one powerful motive. We want to be a part of national mainstream. So we wish to buy packaged tours to Singapore, Europe, Nepal, Kashmir and other destinations. We want to be members of Diner's Card or BOB Card or Cancard. We want membership of Dynasty Cultural Club or Rotary Club or Lions Club.

**Esteem Needs or Motives:** These are the motives of distinction, achievement, status and independence. Pride and vanity motives also fall in this category. These are important buying motives. Automobiles are sometimes bought because they give us social status. All premium products are sold against these motives.



**Physiological Needs or Motives:** Some of our motives are to survive - we buy food products because of this. We buy houses and flats also to survive. We buy textiles for protection and survival. These are all primary motives ~f buying.

**Comfort and Convenience:** Different kinds of furniture, interior decor, footwear, woollens etc., we buy for our comfort. Similarly, calculators and computers make it convenient for us to do our accounts, billings and all such other functions. Kitchen gadgets like grinder-mixers, fridges, cooking ranges etc. are bought against these motives.

**Envy:** As Shakespeare has put it: 'Envy, thy name is woman.' Women envy the gorgeous dress others wear, the cosmetics others use, the complexion the next-door-neighbor has, and the ornaments the cousins have bought. Men also do not lag behind. Onida Color T.V. is 'the neighbor's envy, but the owner's pride.' Wardrobes, cosmetics, fashion wear, designer dresses are all sold against this motivation.

**Fashion:** Fashion over a period of time changes - in dress, in eating, in design, in make-up, in appearance etc. Certain things are considered to be in fashion and in style. Readymade garments, salwar kurta, trendy tops and tee shirts are all sold on fashion grounds.

**Novelty:** Newness itself is a strong buying motive. We now have adopted Odopik washing powder in place of earth or clay, Sanifresh toilet cleaner, Odonil air-fresheners - all on the basis of newness. After a time, newness wears off and we search for something else. We formerly applied Odomos as mosquito repellent on the body, but now we say goodnight to the mosquitoes by using "Goodnight Heater."

**Sex and Romance:** As it is, sex is a primary need, like the hunger and thirst. Most of the personal care products, toiletries, textiles, cigarettes etc. are sold on this basis. Romance is a matter of feeling, a very exotic feeling. Romance could be in imagination also. Tourist destinations, honeymoon packages, jewellery etc. are sold on this basis. Of course, sex and romance are inter-related.

**Greed:** This motive makes us save and economize. We also like to avail of discount sales, free gifts, price offs, premiums, coupons etc. because of this motive.

**Curiosity:** This is also a good buying motive. We are interested to know about the known and the unknown things. Books, games, quizzes, new tourists destinations, dictionaries, encyclopedias, self-learning packages. etc. are sold on this basis.

The above list is only illustrative, and not exhaustive.

A motive is a state of tension. It activates action towards a goal and sustains it till the goal is reached. Motivation can be conscious or unconscious. Motives make the behavior of the individual goal directed. Of course, the means to achieve the goal may be different, e.g., you may achieve distinction by being a Star athlete like Shiny Wilson or an ace gynecologist like Dr. Shirodkar.

Motives are inside the individual - a mental state. Buying motives indicate our buying intentions. Maslow has classified human needs (the manifestation of motives) into five categories, as we have already seen.

**Appeals and Buying Motives:** Both these are closely related concepts. Appeals are cues or provide stimulus. Appeals are made because there are buying motives leading to action. Appeals are developed thus on the basis of buying motives. "Lower-priced Nirma has the price appeal, but it incorporates economy motive. Tonics give us energy but they incorporate health appeal. Tribhovandas Bhimji Zaveri gives exquisite jewellery. This beauty appeals to the buying motive of pride or possession.

#### Appeals and Advertising Message

We have mentioned that the advertising message should appeal, directly or indirectly, to those key needs, which influence behavior response. Without going into communication theories and models, we shall deal with the message content, its structure and the format to be employed for the formulation of an appropriate message.

The message content refers to what the advertiser has to say to the target audience that will produce the desired response. It may be an appeal, a time, an idea or a unique selling proposition. In fact, the message content ultimately formulates some kind of benefit, motive or reason why the -audience should respond to, or do, something.

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Appeals are broadly classified as rational, emotional and moral appeals. Rational appeals are those directed at the thinking process of the audience. They involve some sort of a deliberate reasoning process, which a person believes would be acceptable to other members of his social group. They attempt to show that the product would yield the expected functional benefit. Rationality has come to be equated with substance. A rational

ad becomes believable and effective. Although there may be some disagreement regarding which motives are rational and which are emotional, the following are some buying motives, which are normally, considered rational under ordinary circumstances:

- i. **High Quality:** People buy television, stereophonic music systems, furniture, refrigerators, electric gadgets; kitchenware and a host of consumer durables for their high quality. Many consumer goods, too, are bought for their quality, such as clothing, beverages, food items, etc., and not merely because of their taste or fashion, or style.
- ii. **Low Price:** Many people buy low-priced locally made air conditioners for their homes because they believe that these products will show a product performance similar to, or slightly inferior to, that of nationally reputed brands at higher price. Whether this is true or not, a person, as long he believes this to be true, thinks his reason will be accepted as a “good” one by his social group. In this case, he is exhibiting a rational motive.
- iii. **Long Life,** as of a car tyre that will give 30,000 kms, before its utility has been exhausted.
- iv. **Performance,** as of a ballpoint pen that won't release excessive ink or skip under any circumstances.
- v. **Ease of use,** as of a screwdriver with a magnetized tip which clings to the metal head of the screw, or a timer in the kitchen mixer which switches off automatically after a pre-determined time period.
- vi. **Re-sale Value,** as of a two-wheeler scooter. “Bajaj” has a better re-sale value than any other make.
- vii. **Economy,** in the operating expenses of some brands of refrigerator is greater because they consume less electricity. Many two-wheeler vehicles claim a better mileage per litre consumption of fuel than similar other vehicles.

We should, however, point out that some of the best ads are totally irrational. Porsche car ads listed such irrational benefits. Volkswagen built itself on the proposition it's ugly but it works. Nine per cent of the human psyche is irrational. But, what is irrational can be made to seem rational. Gary Goldsmith is not content with just a rational benefit but expects the benefit offered to be such, which a rational person can understand.

Industrial buyers are most responsive to rational appeals. They make purchase decisions in line with the technical specification of the product, product quality, etc. Most industrial buyers are knowledgeable about the product class, trained to recognize value and are responsible to others about their choice. Often, industrial buying decisions are made after a thorough comparison of various offers and after evaluating the various benefits of different makes. Consumer durables of high value 'are also often bought on the basis of rational appeals. People are ready and willing to give rational motives if asked why they have made a particular [purchase. Those who buy Playboy or Debonair are likely to say they buy them for the articles. Even when decisions are made on emotional grounds, people like to rationalize their decision~ to show that they are based on sound rational grounds. Strong emotional propositions need rational underpinnings. Most of us want others to regard us as

rational human beings. That is why we like to give socially acceptable reasons for our buying decisions. We feel that rational motives will raise our status in the eyes of our associates and colleagues.

**Emotional appeals are those appeals, which are not preceded by careful analysis of the pros and cons of making a buying.** Emotions are those mental agitations or excited states of feeling which prompt us to make a purchase. Emotional motives may be below the level of consciousness, and may not be recognized by a person; or even if he is fully aware that such a motive is operating, he is unwilling to admit it to others because he feels that it would be unacceptable as a “proper” reason for buying among his associates and colleagues.

Emotional appeals are designed to stir up some **negative or positive** emotions that will motivate product interest or purchase. Different emotional appeals, which are particularly important from the advertising point of view, are listed below. Following several motivation research studies, it has been found that **negative emotional appeals are more effective than positive ones.** We shall also, therefore, name the negative appeals first.

**All brands have rational and emotional credentials.** Levi's is youthful, rebellious and sexy. But it offers rational benefits like strength too. **One has to balance between rational and emotional arguments.** Singapore Airlines presents the Singapore girl, an emotional icon. But it also emphasizes in-flight service that other airlines talk about, which is a rational proposition.

**Negative Emotional Appeals:** An advertiser may try to induce a particular behavioral change by emphasizing either positive or negative appeals, or a combination of both. For example, an advertising campaign to get the target audience to buy fire insurance may stress the positive aspect -low cost relative to other investment, the services the insurance company provides, early settlement of claims, and so on; or it may stress the negative aspect of not getting insurance - the danger of losing one's possessions or the ravages of fire. Positive appeals use the strategy of “reducing” a person's anxiety about “buying and using” a product, while negative appeals use the strategy of “increasing” a person's anxiety about “not using” a product or service. In general, a positive appeal stresses the positive gains to a person from complying with the persuasive message; the negative appeal stresses his loss if he fails to comply.

We give here the different dimensions of emotional appeals.

### Emotional Appeals: Response Categories

#### Dimension of response to emotional appeal

##### Illustration

Feelings of an up-beat mood evoked by music, Humor and other such ad elements 'Celebrate with Asian Paints Home Coming' Campaign!

Feelings of quiet and relaxed pleasantness used in cosmetic commercials bringing out sensuousness 'Lakme - she's a woman to me' campaign.

Feelings of heart-warming and tenderness Cadbury's 'Mother-son' commercial.

Feelings of motivational, appetite desire to buy or consume the advertised brand/category Food ads.

Apart from the above four categories, the emotional roles the products play in Indian context also affect the response

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Role category of the product	Details	Example
<b>Background</b>	Normal part of the scene  Necessary to set the stage on which important things in life occur associated with emotion-laden events like marriage	Room furnishings, accessories, most appliances storwel cupboard of Godrej.
<b>Mediator to interactions</b>	Product necessary for interaction to occur	Cameras Souvenirs of events which enable reconstruction of these events (VII luggage campaign Kal bhi, Aaj bh\ Kal bhi). Restaurant scene of Titan watch
		ad. Husband gifts the watch to his wife. The symbol of warmth is the watch. The interactive has heightened. Background music plays an important part
<b>Expression of Self</b>	-	Clothes, apparel and accessory categories. Remiders of self-esteem. Raymond's 'complete man' campaign. Sharmila Tagore and Pataudi in Gwalior suitings campaign.
<b>Products themselves become objects of emotion</b>	High product involvement object becomes a substitute for human relations.	'Hamara Bajaj' campaign.

Precautions while using the Emotional Route:

1. The advertising should have relevance. If the product needs attribute-based rational advertising, emotional appeals should be avoided.
2. There should be a natural flow of feelings.
3. Execution should not be exaggerated. The level of emotionality should not exceed that experienced by the consumer.
4. There is a difference between a consumer's emotions associated with the product / brand and a consumer's emotional reaction to the ad copy itself. Preferably, these two should be compatible.

**Fear Appeals:** The fear appeal is most important among emotional appeals, and also the most effective. It is said that the message's effectiveness increases with the level of fear it generates. The use of fear appeal in getting people to start doing things they should is very common. Many ad messages of toothpaste employ this appeal. They present the fear of tooth decay or unhealthy gums or bad breath, and then suggest the use of a specific brand of toothpaste to get rid of such fears. A recent ad of "Promise" shows a boy weeping because of severe toothache, and then suggests the use of "Promise" to avoid a recurrence of toothache.

A fear appeal of this kind is used in a wide variety of product categories. When products are designed to protect an individual from some loss of health (medical or life insurance), the fear appeal of the type illustrated above can be effectively employed. Then there are products designed to protect an individual from loss of property (automobile or home), which successfully employ fear appeals to induce a particular buying behavior.

Fear appeals are at times used in ad messages in connection with getting people to stop doing the things they shouldn't do. The advertisements relating to prohibition, prevention of losses and conservation of energy fall in this category. The warning on the cigarette packet that smoking is injurious to health is a typical example, even though this is a statutory warning and advertisers themselves would not like to include it in the ad on their own.

Then there are many products that are, directly or indirectly, involved in the avoidance of a fearful situation. A large number of advertisements employ the fear appeal in their ad messages of products, which relate to more subtle social and psychological motivations, such as **loss of status, friendship, job, position, and so forth. Personal-care products (soaps, cosmetics, deodorants, shave lotions, mouthwash, etc.) fall in this category.** Fear is the higher level of tension; but anxiety has been used to promote the sale of a large number of instant foods, other food products and home appliances. Think of ads wherein the housewife's anxieties are fully exploited to get the message across to the target audience.

The more carefully fear is built, the greater is the tension resulting in a greater drive from within to reduce the tension. Research studies have proved that extremely great fear appeals are less effective than moderate ones in motivating people to adopt the product and eliminate fear. However, very weak fear appeals are not effective either in evoking the desired response.

Therefore, a selection of the appropriate fear level is important; it should be strong enough to heighten the drive of the people to buy a particular product. **But if an excessively strong fear is pictured, it is possible that people would exhibit a defensive behavior, and tries to avoid the ad, and may not be prepared to accept the threat. They may even take the view that the solution recommended in the ad may be inadequate to deal with so great a fear.** However, some researchers have found cases where strong fear appeals have worked beautifully. They feel that buyers have different tolerances for fear and that therefore, different levels of the fear message should be set for the various segments of the audience. However, the underlying concept that every message should promise to relieve, in a believable way, the fear it arouses should be the ultimate guide in the selection of the levels of fear appeals. A general principle of "not too much and not too little" is most relevant in the selection of appropriate fear appeals.

CARE (an American conducted a methodical study in rural north India (mainly UP) ad agency) to discover which of the two appeals - positive or negative-would work better in getting a nutritive food accepted. The positive appeal was love of children and the negative one was fear of the consequences of malnutrition. The "love" campaign featured a proud mother rearing her thriving child on the prescribed food. The "fear" approach created a frightening devil (rakshas), symbolizing the disease and misfortune arising from wrong food habits. These campaigns were run for a full year in two different areas. The evaluation of these campaigns clearly showed that the fear appeal created a great deal more awareness of the value of the nutritive food. The negative proposition aroused immediate reaction because of the fact that an unpleasant bang is more likely to make one sit up than the melodious strains of soothing music. Some authors and experts in the field of advertising, however, may disagree with this view. But fear appeals are seldom composed entirely of negatives. The warnings generally pave the way for positive advice and exhortation, and in this form the negative appeals appear to be just as effective on the average as positive appeals.

Take, for example, the recent advertisement of Khaitan Kitchen fans employing a negative appeal. The headline states: "Are you cooking or being cooked?" It goes on: "Every housewife knows how miserable she feels when she cooks. It makes her irritable and saps her energy. Khaitan presents a simple, efficient and inexpensive answer. 'The Khaitan Fresh Air Fan.' It drives out smoke, smells and heat, and brings in fresh air. Not only that; thanks to the continuous inflow of fresh air, the chances of dampness are eliminated. And this prevents cockroaches and other insects from breeding in your kitchen."

The headline and the initial part of the body of the copy effectively create fear; but the latter part of the copy presents the solution and the positive appeal of the product. Such is the most common form of the advertising message - first building up fear and then offering a solution with other positive appeals of the product advertised. On the level of fear, Aaker and Myer, in their book, *Advertising Management*, rightly state that fear or anxiety has two kinds of possible effects on message reception and yielding. As a stimulus, its effect tends to be negative; and



as a drive, it tends to be positive. Furthermore, too little anxiety tends to provide an insufficient drive, and too much anxiety tends to make the stimulus aspect predominant. The net result of these two factors is to make the relationship between anxiety level and message effectiveness non-monotonic, with maximum effectiveness occurring at the intermediate levels of anxiety.

And, lastly, so far as appeals to fear are concerned, this approach is useful for products that are of little interest to consumers when rational appeals are employed. Even in cases where the product fulfils a generally recognized need, fear appeals are effective. Take the case of life insurance. Fear appeals are still required to sell policies. However, fear appeals fail in the case of the cancer hazard of cigarette smoking, which is often rejected by most smokers.

**Fear Appeal and Market Segmentation:** We have just now stated that, in some cases, big doses of fear are recommended, whereas, in others, the use of low levels of fear is the logical strategy. We have also given examples of an ad about dental health, where the degree of associated fear is high, and an ad about smoking and cancer, where the level of fear is low. Furthermore, apart from the differences in product categories, the age and personality differences in the target audience vary the effectiveness of each level of fear appeal. That is why it has been recommended that both the market segment and product category groupings should be taken into consideration before designing appropriate fear appeals.

Let us take an in-depth look at the use of **fear appeals and their relationship with the market segment**, for this will provide a valuable insight to advertisers. It is important to note that although people generally prefer positive arguments, a fear appeal can make an advertisement stand out from others. For individuals whose aroused fear or anxiety about the product is low, and those who would not normally search for information about the product, the fear appeal can be particularly effective if these individuals have been previously exposed to positive arguments.

It has been found that it is better to put fear first in the order of presentation, to threaten someone close to the prospect rather than the prospect himself. While advertising a helmet for scooter-riders, the fear of injury to the head is the most appealing to the wife and to someone close to the rider. The rider himself may not accept the idea promptly because of self-esteem and of ego consciousness. The appeal of intense fear might be best for people who tend to be of low-anxiety and high self-esteem people, who exhibit a copying behavior, and who find the product to be of low relevance. There are many who have a low vulnerability to fear and anxiety. For example, life insurance companies find that fear appeals work beautifully with those who feel that they do not need coverage for their lives. Fear appeals are appropriate for breaking into new market segments. In fact, the susceptibility to fear appeals is one more approach to the market segmentation process. A careful analysis of those potential fear appeals, designed to arouse emotion in a group or audience, should be made a part of advertising strategy, wherein all ads addressed to this audience will incorporate such fear appeals. Thus, if appropriate fear appeals are defined, they become a useful tool in market segmentation.

**Positive Emotional Appeals:** Positive appeals highlight product benefits and attributes capable of influencing consumer behavior. They are love, humor, pride, prestige and joy. Most baby food products have a mother's love appeal. Love for family is perfectly employed in an ad of **Dettol soap** that has been called "**The Love & Care Soap.**" In the closing sentence, the ad appeals by saying: "Give your family the Loving Care of Dettol Soap." **Mother's love for the baby has been appealed to** in ad of Johnson's baby soap. It says: "Gentle as a kiss on your baby's tender skin." It further, goes on to say: "**Johnson's Baby Soap. Because Johnson & Johnson care for your baby almost as I much as you do.**" Is this positive appeal not effective, when the advertiser shows as much care for a child as its mother does?

Advertisers have also successfully used messages communicating the joy and thrill (all, those soft drink, ads) associated with using the product. A humorous message attracts more attention and creates more liking and belief in the source, though it reduces comprehension. **David Ogilvy**, a well-known personality in the advertising profession, believes that humour has been over-used: "**People are amused by clowns - they don't buy from them...So many people in advertising are compulsive entertainers who seek applause rather than sales.**"

Other positive emotional appeals involving price, prestige or exclusiveness are often used in ads of suitings. Advertisements of suitings by Raymonds, Digjam, Dinesh etc., employ emotional motives, "Suitings for the Connoisseur," a Digjam ad campaign, is an example of appealing to those individuals who are experts in matters of taste and choice of clothing. Other emotional motives are illustrated in the following list:

- i. **Desire to be different**, as illustrated by people who build an ultra modern home in an area of traditional homes.
- ii. **Desire to confirm**, as in the case of teenage boy and girls who want to be "in jeans" because all their friends wear jeans.
- iii. **Desire to attract the opposite sex**, as shown by a teenage girl who buys a new cosmetic in order to make her skin more beautiful.
- iv. **Desire for prestige**, as shown by a person who buys the most expensive automobile (Mercedes, Toyota, etc.) he can afford in order to impress his friends.

In making purchases, many combine both rational and emotional motives. In fact, a blend of buying motives usually is the basis of a purchase: An engineer may take up a management course at any of the prestigious schools because he feels it will make him look important in the eyes of his associates and help him in securing a better job in the industry and business. A woman may want to buy a new home in posh locality because it will improve her family's social status and because it is within walking distance of a good school for her children.

**Moral appeals** are those appeals to the audience that appeal to their sense of right and wrong. These are often used in messages to arouse a favorable response to social causes, such as prohibition, adult literacy, social forestry, anti-smuggling and hoarding, consumer protection, equal rights for women, social responsibility projects of corporations, rural development,

siding weaker sections of society, employment generation, and so on. There are messages that appeal for generous donations for flood victims and for famine relief operations - these are often based on moral appeal. Many commercial advertisements are criticized on moral grounds. The most controversial ad campaigns are by multinational companies marketing baby food products. Many WHO experts are critical of these corporations that promote bottle-feeding against breast-feeding.

**Sex Appeals in Advertising:** Sex appeal is being increasingly used in Indian advertising to overcome the culture in the print as well as broadcast media and to grab attention. Sex appeals in contraceptive ads have become explicit, and are more visual than verbal. Does sex really sell? Or is it a negative influence on consumer? The answer is not either affirmative or negative for these questions, and depends upon a number of factors.

Effectiveness of ads is measured in terms of the objectives - creating awareness may be the objective, and then brand recall is a measure of effectiveness. The advertising objective may be to make the consumer buy - here buying intention is a measure of effectiveness. The following summarizes the research studies in this context.

Research shows that non-sexual illustrations are more effective than sexual ones while undergoing brand recall. Men remember the sexy illustration and neglect the brand. Favorably disposed people to the use of sex had a higher brand recall of brand names that used sex appeals in their ads.

Negatively inclined people to sex had a lower brand recall.

Research also shows that nude illustrations of female are least appealing, are associated with lowest quality product and least reputable company. Recently Seven's research shows that explicit sex appeals do not interfere with the ability to recall brand names.

It has also been observed that visual which is highly sexual interferes with the cognitive processing of the message since readers tend to spend more time on the ad as a whole. Information transmission is definitely adversely affected by sex appeal.

Functional sex appeals have highest recall and so also symbolism.

Inappropriate sex appeals have lowest recall. Fantasies are also used as sex appeals. Appeal that are consistent with the product, lead to a higher recall.

There might be gender-related responses to sex appeal. Females may find the sexual ad offensive and so its use for a female-targeted product runs a risk. A lipstick ad showing a female model that is seductive may grab the attention of the male-audience rather than the targeted female audience.

Connotative sexual appeals like symbolism are more acceptable than explicit appeals.

The sexual appeals are justified in case of products like personal products, panties, bras, undergarments, and swimsuits. They may not go well with industrial products. The relevance of the appeal to the product is very important.

The manner of sex portrayal, the sex of the models and the target segment also affect the effectiveness of the ad. Blatant

references to sex are suddenly the in-thing in American advertising. Marketers promoting perfumes, jeans, alcohols, gloves, watches and cars are resorting to this route. Media clutter may be one reason that leads to the explosion of sexual imagery in advertising. Ads of perfumes have traditionally focused on the sensuous. For Calvin Klein, sex has always been a favorite selling point.

The late Justice Hidayatullah had ruled "where obscenity and art are mixed, art must be so prepondering as to throw the obscenity into the shadow." We tend to agree with him. There is a thin line between nudity and crudity. Even an act of kissing has both sexual and non-sexual content. "Of no use to one, yet it is absolute bliss to two. The small boy gets it for nothing, the young man has to steal it and the old man has to buy it. The baby's right, the lover's privilege, the hypocrite's mask. To a young girl, faith; to a married woman, hope and to an old maid; charity."

**Sex appeals are interpreted differently from time to time, region to region, person to person, country to country, and society to society. Even the same person reacts to them differently at different stages of his life cycle.**

#### Direct and Indirect Appeals

Another way of classifying ad appeals, comes about whether we they are linked directly or indirectly with consumer needs. Sometimes advertisers are explicit about the need to which they are appealing, whereas, at other times, appeals are veiled or purposely kept ambiguous, and the consumer has to determine the relevance of the appeal to him.

#### Direct Appeals

Direct appeals are those that clearly communicate with the consumers about a given need, followed by a message that extols the advertised brand as a product that satisfies that need. In Industrial advertising, some ads may have a direct appeal, satisfying the customer's technical need; but, in consumer advertising, the direct appeal plays a very limited role. Examples of direct appeal ads for consumer products are rare. In America, the hamburger was once advertised with the hunger appeal. The ad said: "When you get a man-size hunger, eat a whopper hamburger."

#### Indirect Appeals

Indirect appeals are those that do not emphasize a human need, but allude to a need. Because advertisers understand the influence of needs upon selective perception, they leave some ambiguity in the message so that the consumers may be free to interpret it and the need to which the advertiser is appealing. Since this interpretation of the consumer is not difficult, there is no risk involved in keeping the ambiguity in the message.

**Indirect appeals are either product-oriented or consumer-oriented, or may be a combination of the two.** We shall now discuss each one of these indirect appeals in details.

**Product-Oriented Indirect Appeals:** They are grouped into three classifications:

- i. **Feature-oriented Appeals:** The basic message is about product features, characteristics and attributes. Examples: Instant Shine, Cherry shoe polish, "Promise," the unique toothpaste with the time-tested clove oil.

- i. **Attitude-oriented Appeals:** The basic message is one that is in line with the consumer's attitude - his value - belief structure. Example: The ad series by Shriram group, namely: "Indian Corporate Evolution. The Shriram Experience." In one of the ads, it says: "we are Indians. We must remember our roots." Then it goes on to state the group's belief in Indian traditions and the advantages it shares with the country. This message refers indirectly to Maslow's esteem need.

- ii. **Significant Group-oriented Appeals:** The basic message emphasizes the kind of group that uses or approves of the advertised brand. The group may be a reference group, a social group, or a peer group, or any other group that is significant for the consumer target. The ad says: “Some possessions define a character. Some distinguish it. A cigarette so distinguished, it’s by appointment to your Majesty.”

- iii. **Life Style-oriented Appeals:** The basic message emphasizes an identifiable life style relevant to a defined target market. Example: An ad of Charminar cigarette making an appeal with its strong taste. For some hard smokers, a “strong” cigarette can only give relaxation, particularly after a day’s hard work. One needs a Charminar.

iv. **Sub-conscious-oriented Appeals:** The basic message is distinguished and is directed at the consumer's sub-conscious (or unconscious) need. These messages are aimed at the buyer's dream world, but are veiled in some manner by messages appealing to the buyer's conscious mind. Example: 'Petals' brassieres of VIP are advertised with a dreamy

message: “As you flower into a woman, you discover the epitome of international fashion. Discover Petals.”

v. **Image-oriented Appeals:** Although all advertising appeals create a brand image in the minds of consumers, the image-oriented approach is distinct in the sense that here the advertiser, consciously and purposefully, makes an effort to mould a brand image. There is an intention to create a specific brand image. One strategy is to create a brand image that “fits” either the self-image or self-ideal image of the target market.

## Essentials of an Advertisement Appeal

- i. It must be thematically sound.
- ii. It must be communicative.
- iii. It must be interesting.
- iv. It must have credibility.
- v. It must have finality and be complete.
- vi. It must contain truthful information.

## Selling Points and Appeals

Selling points are those product attributes that are listed in the advertisement copy to impress upon the consumer the significance of a product to him. They could be specifications, quality statements, composition statements, descriptive or narrative or performance statements. Some selling points are primary selling points and the rest are subsidiary selling points. Selling points in order to be effective must have the force to appeal to a particular buying motive. So selling points successfully touch upon the buying motives.

## Notes

[illegible]

## LESSON 28 :

### TYPES OF SALES PROMOTION, ROLE OF PROMOTION CHARACTERISTICS AND ADVANTAGES AND DISADVANTAGES

#### Objective

Students by the end of this lesson you will be clear with promotion with its importance you will also understand sales promotion along with its types.



Whenever a marketer increases the value of its product by offering an experience like the X-Games or incentives such as a reduced price or something for free, it is creating promotions, the topic of this lesson. **In most cases the objective of promotions is to encourage action, although promotions can also be used to help build brand associations.** To help you understand the concept of promotions, we explore consumer and trade sales promotions, specialty advertising, loyalty programs, tie-ins, and sponsorships.

This broad range of tools can be used to reach specific types of markets, in some cases markets that are not easy to reach using more traditional mass media advertising.

#### What Is Promotion?

Can you attempt to define promotion? Promotion in marketing terms.

Promotion's role is to communicate with individuals, groups, or organizations to directly or indirectly facilitate exchanges by informing and persuading one or more of the audiences to accept an organization's products.

To facilitate exchanges directly, marketers communicate with selected audiences about their companies and their goods, services and ideas. Marketers indirectly facilitate exchanges by focusing information about company activities and products on interest groups, current and potential investors, regulatory agencies, and society in general.

Promotion can play a comprehensive communication role. Some promotional activities can be directed towards helping a company justify its existence and maintain healthy, positive relationships between itself and various groups in the market-

ing environment. To develop and implement effective promotional activities, a firm must use information from the marketing environment, often obtained from its marketing information system. The degree to which marketers can effectively use promotion to maintain positive relationships with environmental forces depends largely on the quantity and quality of information an organization takes in.

Let us now define Promotion

**Promotion is communication about an organization and its products that is intended to inform, persuade, or remind target market members**

A promotion mix (sometimes called a marketing communications mix) is the particular combination of promotional methods a firm uses to reach a target market. In this lesson, we examine the process for effective communication and promotion methods of advertising, personal selling, sales promotion, and public relations.

#### The Promotion Mix: An Overview

Have you heard of promotion mix? Let us know it a little better.



Marketers can use several promotional methods to communicate with individuals, groups, and organizations.

Advertising, personal selling, sales promotion, and publicity are the four major elements in an organization's promotion mix.

Two, three, or four of these ingredients are used in a promotion mix, depending on the type of product and target market involved.



## Guerrilla Marketing: Xtreme Sports for Xtreme Marines

Finding and pinning down 17 to 20-year-olds to discuss their future has never been an easy task. And with today's media fragmentation and the explosion in new technology, the Marine Corps in finding it even more difficult to have this kind of conversation with qualified people.

Traditionally, the Marine Corps and its advertising agency, J. Walter Thompson-Atlanta (JWT), had used direct mail to generate leads (a pool of potential qualified candidates) but results suggested that they'd used this tool to its full potential. In short, they'd maxed out direct mail. Coupled with this discovery, the Marines faced a recruiting quota increase of 6 percent. To meet that quota, the Marines had to produce at least 22,900 qualified leads; put another way, they faced a goal of a 13.5 percent growth in leads to generate that level of recruiting.

JWT recommended using a new marketing communication tool that would connect with this highly mobile, elusive target. Research determined that this group never stood still. Concerts, movies, malls, sporting events, and so on keep the typical high school teen busy at what he or she likes to do best: just hanging out.

Using a good Marine tactic, "Maneuver Warfare," JWT recommended seeking out, contacting, and connecting with the prospects when they were actually at events. The popularity of events made just for teens introduced the concept of guerrilla marketing to recruiting.

### Think About It

1. Why do you think the Marines concluded that direct mail was maxed out? What would be gained by adding marketing at events?
2. If you were working on this account at JWT, which events would you suggest the Marines consider?

**Source:** Information for this case comes from the EFFIEs brief provided by the Marines and J. Walter Thompson-Atlanta.

### Let us now know about yet another popular component of promotion mix-sales promotion.

A good definition of sales promotion would be as follows: "An activity designed to boost the sales of a product or service. It may include an advertising campaign, increased PR activity, a free-sample campaign, offering free gifts or trading stamps, arranging demonstrations or exhibitions, setting up competitions with attractive prizes, temporary price reductions, door-to-door calling, telemarketing, personal letters on other methods".

### Sales Promotion

Short-term incentives to encourage the purchase or sale of a product or service.

As sales promotion has evolved, the way experts define the practice also has changed. In 1998 the American Marketing Association (AMA) offered this definition of **sales promotion**: media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product quality."

More recently, the Council of Sales Promotion Agencies offered a somewhat broader perspective:

"Sales promotion is a marketing discipline that utilizes a variety of incentive techniques to structure sales-related programs targeted to consumers, trade, and/or sales levels that generate a specific, measurable action or response for a product or service"

### Let's examine the latter definition.

**First**, it acknowledges that consumers are an important target, but so are other people, such as the company's sales representatives and members of the trade (distributors, retailers). **Second**, the definition recognizes that sales promotion is a set of techniques that prompts members of three target audiences (consumers, sales representatives, and the trade) to take action, preferably immediate action.

Simply put, sales promotion offers an extra incentive for consumers, sales reps, and trade members to act. Although this extra incentive usually takes the form of a price reduction, it also may be additional amounts of the product, cash, prizes and gifts, premiums, special events, and so on. Furthermore, sales promotion usually includes specified limits, such as an expiration date or a limited quantity of the merchandise.

**Finally**, sales promotion has three somewhat different goals that relate to its three target audiences:

1. To increase immediate customer sales,
2. To increase support among the marketer's sales force,
3. To gain the support of the trade in marketing the product.

Just go through this research on sales promotion activities in toilet soap, best part of this research is that it is in Indian context.

### Lets focus on objectives of SP

- a. To introduce new products or services

We all are aware of the fact that one of the techniques used by big companies to increase its sales is to indulge into sales promotion activities. Sales promotion is often used to motivate prospective consumers to try new products and services. Dealers are also induced to introduce new products and services in market. Usually, free samples are provided through dealers during such introduction. Similarly, discounts in cash or goods may also be offered to dealers to stock new prod or deal with new services. Free samples, trade discounts, cash discounts are basic a sales promotion measures.

- b. To attract new customers

Sales promotion measures also play an important role in attracting new customers, by an organization. Usually, new customers are those persons that are won away from firms. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand shift their patronage to new dealers.

- c. To induce existing customers to buy more

Sales promotion devices are most often used to induce the existing customers to buy more. Product development, offering three products at the cost of two, discount coupons, are some of the sales promotion devices used by firms to motivate the existing buyers to buy more of a specific product.**Helps the firm to remain competitive**

Most of the companies undertake sales promotion activities in order to remain in the competitive market. Therefore, in the modern competitive world no firm can escape the responsibility of undertaking sales promotion activities.

d. To increase sales in off-seasons

Many products like air-coolers, fans, refrigerators, air-conditioners, cold drinks, heaters, etc. have seasonal demand. Manufacturers and dealers dealing with such type of goods make every effort to maintain a stable demand throughout the year. In other words firms try to encourage the purchase of such goods in off-seasons also. That is the reason behind discounts and off-season price reductions of such items in slack seasons.

e. To add to the stock of the dealers

Dealers like wholesalers and retailers usually deal with a variety of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion dealers are automatically induced to have more of such items.

### **An Exploratory Study of Sales Promotion Activities in Toilet Soap Category: An Insight into Consumer and Retailer Perceptions**

By

**Kureshi Sonal and Vyas Preeta\***

#### **Abstract**

Understanding perceptions of channel members and consumers regarding sales promotion activities enhances the effectiveness of these activities. Widespread usage of sales promotion activities in Fast Moving Consumer Goods (FMCG) sector makes it imperative that manufacturers take into account channel member and consumer perceptions before planning such programmes. In this paper, an attempt has been made to examine the nature of sales promotion activities in toilet soap category in India, study retailer perceptions with respect to these activities and also get an insight into consumer perceptions of these activities. Our findings indicate that with respect to the nature of the schemes, premiums (free gifts) were found to be the most frequently used in both premium and popular toilet soap category, followed by price offs. Retailers perceived price offs to have relatively greater impact compared to any other forms of sales promotion. In line with the retailers' perceptions, the findings of consumer perceptions indicated that price offs was the most preferred type of sales promotion. Retailers stated that role of word of mouth and television advertising was very important in providing information inputs to the consumers regarding sales promotion activities. This perception of retailers was supported by the consumer unaided recall of sales promotion schemes which were widely advertised. As the retailer interacts and observes consumers more frequently and closely than the manufacturer, it would be useful for the companies to incorporate perceptions while planning sales promotion strategies.

#### **Introduction**

The importance of consumer sales promotion in the marketing mix of the fast moving consumer goods (FMCG) category

throughout the world has increased. Companies spend considerable time in planning such activities. However, in order to enhance the effectiveness of these activities, manufacturers should understand consumer and retailer interpretations of their promotional activities. A study of these perceptions will reveal their preferences, their knowledge, and motivations. The study here pertains to consumers perceptions as well as retailer perceptions regarding sales promotion. Some past researches have suggested that promotion itself has an effect on the perceived value of the brand (1Cotton and Bobb 1978, Dodson, Tybout and Sternthal, 1978, Guadagni and Little 1983, Jones and Zufryden 1980, Rothschild and Gaidis 1981, Shoemaker and Shoaf 1977). This is because promotions provide utilitarian benefits such as monetary savings, added value, increased quality and convenience as well as hedonic benefits such as entertainment, exploration and self-expression (2Chandon, Laurent, and Waensink 1997).

In India fast moving consumer goods (FMCG) category has witnessed an outburst of sales promotion activities in the post-liberalization era. Very little literature has focussed on sales promotion perceptions. This study is an attempt to address the gap in literature by providing empirical support through exploration. In the U.S. context several aspects of consumer perceptions of deal frequency and deal prices have been studied (3Aradhna Krishna, Imran S. Curriuun and Robert W. Shoemaker 1991). Whereas 4Page Moreau, Aradhana Krishna, Bari Harlam (2001) studied differing perceptions with respect to price promotion from the point of manufacturers, retailer and consumers. Effects of promotions on variety seeking and reinforcement behaviour has also been studied. (5Barbara Khan and Jagmohan Raju 1991).

All the above researches have focussed on price promotions and their response. Our study though exploratory has considered perceptions for price as well as non-price promotions in toilet soap category. The reasons for the study were:

- i. The widespread use of sales promotions in toilet soap category
- ii. Historically, whenever there was a downward trend in growth, sales promotion activities took the front seat of promotional mix.
- iii. Companies planned these activities with inward looking view hence it was felt that it would be useful to understand the perceptions of consumers and retailers regarding sales promotion activities to improve the effectiveness of these activities.

#### **Definition**

For the purpose of this study, following definitions of sales promotion were kept in mind.

Kotler defines sales promotion as: "Sales promotion consists of a diverse collection of incentive tools, mostly short-term designed to stimulate quicker and/or greater purchase of particular products/services by consumers or the trade." Roger Strang has given a more simplistic definition i.e. "sales promotions are short-term incentives to encourage purchase or sales of a product or service."

Hence, any forms of incentives (price cut or value added nature) offered for short period either to trade or consumers are considered as sales promotion activities.

### Toilet Soap Industry in India

Toilet soap industry is one of the oldest Fast Moving Consumer Goods (FMCG) industry in India. It is among the highest penetrated category within FMCG sector reaching an estimated 95% urban and 87% of the rural households. In value terms the industry is worth Rs.45000 million and in volume terms it is worth .53 million (in 2001 as reported by Operations Research Group (ORG) Survey). The main characteristic of the industry was severe competition and high level of brand proliferation. The industry witnessed 7% decline in value in year 2001 (Vanscom Database)<sup>8</sup>.

There were 45 leading national brands. None of the national brands had more than 5% market share and many more regional and unorganised sector/local brands. Hindustan Lever was the market leader with about 30 (number) of toilet soap brands with a total market share of 67% in 1998-99 in organised sector as seen from Table-1 below, which gives the lead players and their respective market share.

The leading brands in the market are Dove, Pears, Lux, Dettol, Liril, Rexona, Lifebouy, Nirma, Palmolive and Hamam. A survey reported in Vanscom, which was conducted in Ahmedabad, showed that 103 toilets soap brands were available in this city alone.

The industry had witnessed many innovative sales promotion activities in the recent past. Numerous factors were responsible for such a phenomenon. One of the reasons being that the market being sluggish, companies were trying to increase market share in stagnant to declining (volume terms) market in order to retain consumers, to encourage switching, to induce trials and liquidate excessive inventories. Another reason possible was that with the presence of so many brands the competition had increased severally leading to fight for market share and shelf space. Inflationary trend had made both the consumer as well as trade deal prone. Hence, sales promotion activities in toilet soap industry posed a very interesting study and consumer and retailer perceptions thereof.

On the basis of information collected on various brands and their prices (see Exhibit-1), following three segments emerge.

The brands in popular segments were found to be frequently promoted as there was intensive price competition in this segment. The brands could also be classified based on medicinal benefits, cosmetic benefits, perfumes, natural/herbal properties. For the purpose of this study, only price segments were considered.

### Objectives

The main objectives of the study are:

- i. to assess current consumer sales promotion schemes in toilet soap market
- ii. to get an insight into retailers' views regarding the schemes being offered in toilet soap category, and consumer perceptions
- iii. to study consumer perceptions regarding various schemes in this category and responses toward them.

The research questions, which emanate from above objectives are as follows:

- i. What are the consumer sales promotion schemes offered by various brands in last one year in toilet soap category?
- ii. What is the nature of the schemes? What are the details in terms of incentive offered, terms and conditions etc.
- iii. What are the retailers' views towards execution policies of sales promotion schemes of companies in toilet soap category?
- iv. What are the concerns of retailers?
- v. What schemes do retailers prefer and consumers prefer?
- vi. How do consumers view various sales promotion schemes?
- vii. How do they perceive the brand (in terms of quality, image) offering sales promotion schemes?
- viii. What in the opinion of consumer are the motivations of the manufacturer for offering sales promotions.
- ix. What are the preferences of the consumers of sales promotion schemes in this category?

### Methodology

In order to address the above questions an exploratory study was conducted. The idea was to probe and get deeper insight into sales promotion scenario in toilet soap market and to tap perceptions of retailers and consumers. In order to address above mentioned objectives (i) study of secondary sources was carried out, 10(ii) in-depth interview of six retailers was undertaken and 11(iii) structured questionnaire was designed to seek consumer responses. Convenience sampling was used for both retailers as well as consumer studies. Six retailers ranging from small kirana store to supermarket were approached. All the retailers were located in the western out skirts of Ahmedabad\*. The respondents for consumer study were postgraduate students in the age group of 19-24 belonging to

middle and upper middle and upper class. The total respondents were 30 in number. They were residing in hostel and hence sole decision-makers for this category. Also this age-group being more experimental and likely to be more deal prone, so their perceptions, preferences would give some insights to companies planning sales promotions targeted at them.

\* Ahmedabad is the business capital of Gujarat State situated in Western part of India with population of 6.0 million.

Content analysis of 28 schemes an illustrative sample of schemes offered during last one year was done.

The sources of the information of these schemes were:

- i. 12 www.agencyfaqs.com, and
- ii. print advertisements making announcements of the schemes.

In-depth interviews of retailers were conducted with the help of interview guide. Inferences were drawn from that. In case of consumer study with the help of structured questionnaire, simple frequency analysis and cross tabulations were carried out and inferences were drawn.

### Scope and Limitations

The geographical scope of the study was restricted to the Ahmedabad city due to time and resource constraints. The study being exploratory in nature, the sample size was restricted to 30 consumers (student group) and 6 retailers. Focus being mainly on in-depth probing, the generalizations drawn are only indicative and not conclusive.

**Table-3**  
**Segment-wise Scheme Analysis**

Nature of Schemes \ Soap Segments For 75 gms.	Premium (>Rs. 15)	Popular (Rs.8-15)	Economy (< Rs.8)	
Price off	3	3	2	8
Premium (free gift)	7	6	0	13
Bonus Pack	1	3	1	5
Contest/Lottery	-	1	1	2
Total	11	13	4	28

## 1. Sales Promotion Activities in Toilet Soap Category

### 1.1 Frequency of Schemes

Twenty-eight different schemes (Appendix-I; Master Table of the Schemes) on toilet soap brands were identified as seen from

### 1.2 Segment-wise Frequency of Schemes

Thirteen schemes (47%) announced were found to be on popular segment (Rs.8-15 for 75 gms.) of toilet soap brands.

This was closely followed by 11 schemes (40%) in premium segment (> Rs.15 for 75 gm.). Thus it could be inferred that companies were trying to upgrade consumers of economy/popular brands to popular/premium soap brands respectively.

### 1.3 Nature of Schemes

With respect to the nature of the schemes, premium (free gifts) were found to be the most frequently used schemes in both premium and popular segment of toilet soap industry. No such scheme was offered by any brand in the economy segment. It could be inferred that as the price of soap in this segment was less than Rs.8, it might not be possible for the companies to offer this type of premium promotion. Secondly, the consumers in this segment were likely to be price sensitive and such a promotion might not be of value to them compared to price offs.

### 1.4 Premium (Free Gift) Offers

Six out of 13 premium offers were a part of the companies own portfolio e.g. on buying 2 Dettol soaps, a Dettol Talc, 18 grams worth Rs.25 was given free.

### 1.5 Underlying Objectives

Based on Table-3, a set of underlying objectives behind the various sales promotion schemes were inferred:

#### 1.5.1 Bonus Packs

- To reward existing loyal customers
- To off-load inventory at factory and distribution level (to attain push)
- Bonus pack schemes (Buy one get one free/more for the same price) were used to load the consumers so that they would not buy competitive brand at least for short period.

#### 1.5.2 Premium (Free Gifts)

- To reward and retain existing loyal customers and to enhance brand image through interactions/associations.
- To act as a constant reminder of the brand.
- To encourage brand switching amongst deal prone consumers through innovative gifts.
- To induce trial of new products of the company by leveraging on the existing brand and its equity e.g. giving (new) Mysore Sandal Talc free with the purchase of 2 Mysore Sandal soaps.

#### 1.5.3 Price-offs

- Contrary to belief, premium soap brands were giving price offs (3 price off out of 11 scheme announcements in this category – Table-3). The underlying objective could be to offload inventory by pulling customers from popular soap segment, as the size of the premium segment especially the higher end of the premium segment might be very small e.g. Dove (priced at Rs.45 for 100 gm) Rs.10 off. It could be inferred that frequent use of sales promotion activities in premium segment might dilute the brand's exclusivity, which could lead to dissatisfaction and disillusionment among the regular users.

### 1.6 Incentive Price (outlay) Ratio

The incentive price ratio was calculated by taking the monetary value of the incentive offered to the consumer and dividing it



by the amount of money he/she needs to spend in order to avail the offer. The ratio varied from 0.15 to 1.00 among various brands (Table-4). The ratios in premium brands varied from .15 to .71. For example, in case of Mysore Sandal and Palmolive Natural (premium soaps) the incentive ratio was .15 and .17 respectively. With this level of incentive neither regular premium soap users will feel rewarded or get attracted, nor the popular soap users will be motivated to switch.

The highest incentive ratio in case of Fair and Lovely soap was an introductory offer.

Such a high incentive again was not likely to generate desired response in terms of trial.

Instead the company could have leveraged on its parent brand namely Fair & Lovely Cream which is well entrenched in the market. So with the purchase of Fair & Lovely tube free soap would have given better results in our opinion.

## 2. Studies on Retailer Perceptions

### 2.1 Perceptions on Scheme Preference

It was found that retailer perceived price offs as a better form of sales promotion activity.

Price offs in their opinion had relatively a greater impact compared to any other form of sales promotion activity like Bonus packs, Premium, Contests etc. Retailers preferred price offs the most, then bonus pack, premium, contests, in order of importance.

### 2.2 Perception about Buying Roles

Retailers viewed that the person who came to the shop (who may be a maid, son, daughter, daughter-in-law, child) was the decider of a toilet soap brand and not the income provider (e.g. head of the family). It could be inferred that visibility of information about the sales promotion activity at the point of purchase could result into the purchase of a promoted brand.

### 2.3 Perceptions about their role in decision-making

Retailer had relatively very low influence in affecting choice. It could be inferred that visibility and awareness about the scheme were the critical success factors so that pull could be created.

### 2.4 Perceptions about Response to Sales Promotion

#### Offers

They believed that younger age-groups were more experimental in nature, amenable to trying new brands, and sought/looked for or asked whether there were any) sales promotion schemes running on any toilet soap at the time of purchase.

### 2.5 Perceptions about Communications of Sales Promotion Schemes

Retailers perceived that role of word of mouth and television advertising played an important part in providing information inputs to consumers regarding sales promotion activities.

### 2.6 Variations in Information Flow

Smaller (non-supermarket, small format store) retailers received relatively less support compared to supermarkets in terms of servicing, margins, information about sales promotion activities from the dealers. Many a times small retailers were only informed verbally about sales promotion schemes by the dealer salesmen during the **scheduled weekly visits**.

### 2.7 Dealer-Retailer Dynamics

At the time of sales promotion activities, dealers had tendency to push unwanted stocks onto the smaller retailers. In fact these retailers preferred to stock variety of brands and wanted payment for shelf and window display to increase traffic into their store.

However, supermarkets and big retailers were pampered and given

special services and given better margins and better allowances.

### 2.8 Margins

It was found that in toilet soap category margins varied from 6 to 15% depending of the size of the retail outlet, bargaining power of a retailer, quantity ordered by him etc.

Mostly margins were linked to size of the volumes that were ordered.

### 2.9 Perceptions about terms and conditions

Retailers were not found to be happy with sales promotion schemes where their margins were cut on the pretext of just fast movement of inventory of the brand being promoted.

Also if additional incentive was offered it was subject to minimum performance requirement.

### 2.10 Nature of POP

Retailers indicated that most of the POP (Point of Purchase) materials were meant for brand advertisement and not for giving information regarding the schemes. Thus it could be inferred that company's follow up was not adequate.

### 2.11 Servicing during duration of Scheme

In stock-out situation during the running of the sales promotion schemes, smaller retailers had to wait for replenishment of stocks till the next scheduled weekly visit by the dealer salesman but big retailers were serviced on telephonic request for replenishment of stocks. This clearly indicated the disparity in treatment.

### 2.12 Problem of left-over

Leftover stocks at the end of any scheme was required to be sold by the retailers before they ordered fresh stocks. In case of bonus packs scheme, leftover stock was often dismantled (cut open buy one get one free) and sold them individually as a regular soap.

This approach of the company leads

Retailers observed that in most cases sales promotion scheme on a brand might encourage a buyer to switch a brand temporarily but he would revert back to original brand after promotion.

### 2.16 Handling Problems

Many a times retailers had to handle various sales promotions offers simultaneously in a category and also across categories and there was no formal communication planning either from the dealer or the company. Remembering each offer and handling was a problem especially for a small retailer, which was often a as one-man show.

## 3 Sub-studies on Consumer Perceptions:

### 3.1 Current usage of toilet soap Brands:

Table-5 below gives current usage of toilet soaps across different income categories of a

Sample (30) under study (February 2002).

**Table-5**

Household Income → Toilet Soap Brand ↓	1-2 lakh p.a. Middle	2-3 lakh p.a. Upper Middle	> 3 lakh p.a. Higher
Nivea (Premium)		1	1
Pears (Premium)	1	1	2
Dove (Premium)			3
Cinthol (Popular)			2
Palmolive (Popular)			1
Dettol (Popular)			1
Lux (Economy)	1	1	3
Hamam (Economy)	2		
Lifebouy (Economy)		3	2
Others		1	4

It could be inferred from the above table that upper income segment showed greater preference for premium brand of soaps like Dove, Pears, Nivea with the exception being Lux.

### 3.1 Reasons for switching brands:

This could be seen from Table-6 below.

**Table-6**  
**The Reasons for Switching Brand**

Reasons	No. of People
Variety/Boredom	8
Availability	4
Packaging/Novelty/Features	6
Price	1
Sales Promotion	3
Advertising	1
Impulse	3
Do not change	10

from the above table, sales promotion was not the reason for switching brand in this category. Need for variety was the predominant reason.

Through deeper probing that even though retailers would have switched brands due to sales promotion, they were reluctant about admitting the same and variety was a reason for switching.

It was further found that consumers had positive disposition towards promoted brand. As a result when toilet soap brand was changed for variety, the brand which was promoted had higher probability of purchase than non-promoted brands.

As seen from above, Lux (Gold Star offer – most promoted and advertised brand) had the maximum recall. This brand used TV advertisement heavily to announce sales promotion offers. Six out of 30 did not recall any sales promotion scheme on any brand. It could be inferred that

- i. Hard core loyals to a particular brand (eg. Hamam) would never (pay attention to any announcements of any other toilet soap brand.
- ii. Unless sales promotion offers were properly communicated to the target audience, required impact might not be created and
- iii. Unless promotional offers were of significant value to a consumer, it was likely to get unnoticed and/or ignored.

### 3.3 Willingness to Buy on Sales Promotion Offer

Sixty-three per cent of the sample did not show willingness to buy a brand due to promotion while 27% showed willingness and 10% were not sure. This indicates that when 27% showed willingness, and 10% consumers who were not sure, these groups might be lured through innovative and lucrative sales promotion offer.

### 3.5 Ability to Induce Trial

Forty per cent of the respondents had said that sales promotion had the ability to induce trial, which reinforces the above inference (3.4).

### 3.6 Long-term Impact

In order to understand ability of the promotions to increase long-term sales, respondents were asked about continuity of purchase of a brand after the withdrawal of promotion.

Eighty per cent of the respondents indicated that they would not continue. But 20% said they would. Thus, it could be inferred that promotions in this category (low involvement products) might encourage trial and brand switching but not long-term loyalty.

### 3.7 Preference of Schemes

Price off was the most preferred type of scheme. Sixty-three per cent of the respondents ranked price-offs as number one or

two. This was from an upper income biased sample, in which 18 out of 30 were from income group category >3,00,000/- p.a.

### 3.8 Perceived Quality

Ninety-three per cent of the respondents had a perception that the quality of the promoted brands remained the same during promotion, while 7% felt that it was inferior than before. It can be inferred that promotions were not leading to negative brand quality perceptions. It was further reinforced when 53% of the respondents said that sales promotion would not weaken their loyalty towards the brand.

### 3.9 Perceptions regarding underlying company motivations

On tapping perceptions regarding underlying company motivations for sales promotion, “to increase sales” was ranked highest followed by “to attract switchers” and “to sell excess stocks”. While providing value to customers” and “to reinforce company image” were ranked lowest. This indicates that consumers believed that companies were undertaking such activities only for their own benefit and not for the benefit of consumers. Corroborating findings from retailer and consumer perception studies, it is evident that there was a matching of perceptions regarding nature of scheme (price offs as most preferred type of scheme mentioned by consumers and retailers’ perceptions about consumer preferences).

Since retailers observe consumers’ instore behaviour were frequently and directly, their perceptions regarding providing consumer behaviour are likely to be accurate. Such inputs from the retailers would be useful to companies.

The retailers had the perception that those schemes which were announced through mass media had better response. This was reinforced by the consumer survey which showed that recall in case of heavily promoted schemes on TV was found to be very high. Retailers’ prediction of companies’ motivation for offering sales promotion were matching with the consumer perception regarding the same. Thus both viewed that companies were using sales promotion activities mainly to increase short term sales or encourage switching or selling excess stock and not really to give value benefit or enhance/reinforce brand/company image.

### Implications

The findings of the empirical study indicate that unless the brand to be promoted is in the consideration set of the consumer, sales promotion by itself is unlikely to have any major impact. Clearly this shows that managers need to invest into brand building exercise so that his/her brand appears in the consideration set of the target consumers. Only after this should he spend time, money and energy on sales promotion activities. Sales promotion should not be used in isolation but need to be integrated with other tools and in line with the overall positioning of the brand. Also the importance of the role of mass media came out clearly in both the studies. Companies need to create sufficient awareness about sales promotion schemes through mass media in order to create awareness. The role of retailer in influencing consumer in brand choice decision in a toilet soap category was found to be insignificant which also supports the above observations. Toilet

soaps are low involvement products characterised by switching behaviour. Also the person going to the shop for the purchase of soap is the final decision maker of the brand. Hence it is essential that companies need to design attractive, striking, visible POPs for scheme announcements.

With respect to nature of scheme, the finding suggested that premium (free gift) was popular with companies. While both retailers and consumers preferred price offs. So it is necessary that the perceived value of a free gift has to be appealing and high for the target consumers. Repetitive use of the same premium (soap dish) for a prolonged period may have negative effect on the loyal customers. When the company is giving its own product free as premium, it needs to ensure the quality of the product from it as it is likely to jeopardize the image of both its products.

The findings exhibited that both the retailers and consumers perceived that sales promotion activities carried out by the companies for increasing sales in short term and clearing excess stocks. What it implies is that companies need to use sales promotion synergistically and communicate so that they provide value to the target audience and enhance brand quality/image perceptions.

Companies need to systematise information flow regarding sales promotion activities particularly at dealer retailer level. Ensuring proper information flow and devising checks and measures to reduce misappropriations and implementation flows should be considered critical aspects for the success of sales promotion activities by the companies. As retailing is fragmented, direct reach by companies is next to impossible. Through dealers and proper feedback mechanism, companies keep in touch with the market. From the study it was found that smaller retailers felt neglected and not enthused to implement the schemes, particularly when additional handling, stocking, accounting was required on the part of a retailer without compensatory margins. It can be seen that

the retailer and consumer perceptions matched with respect to preferences of schemes, underlying motivations and role of mass media. This implies that the retailer would be a rich source of information about the consumer and the likely response to sales promotion activities. Developing a system to tap such responses from time to time both at retailer and consumer level would be helpful for planning future sales promotion activities. In order to build trust and commitment companies should tap preferences, perceptions of retailers as well as consumers.

#### **Appendix-I** **A list of some offers during the period (Year 2001)**

<b>Sr. No.</b>	<b>Brand</b>	<b>Size</b>	<b>Offer</b>
01	Pears	75 gm.	Rs.5 off
02	Dettol	75 gm.	Buy 2, get Dettol 80 gm talc free worth Rs.25 same brand
03	Dettol	75 gm.	Buy 2, get 2 Eveready batteries free worth Rs.16
04	Dettol	75 gm.	Scratch Card
05	Mysore Sandal	125 gm	Buy 2, get 20 gm. Mysore Sandal Talc free worth Rs.8
06	Mysore Sandal (Bath Tablet round soap)	75 gm.	Buy 1, get Bodhisalva Agarbatti free worth Rs.8
07	Pears	75 gm.	Buy 1, get 2 sachets Sunsilk shampoo free worth Rs.5
08	Mysore Sandal Gold		Buy 2, get woman Gillette razor Satin care free worth Rs.30
09	Lux	75 gm.	Buy 2, win Gold coin offer
10	Lux	75 gm.	Save Rs.9
11	Cinthol International	75 gm.	Buy 3 get 1 free
12	Emami	75 gm.	Buy 2 herbal glycerin soap, get Emami Gold Turmeric Cream Rs.29 (15 gm.) free
13	Fair & Lovely	75 gm.	Buy one get one free
14	Godrej All Care	75 gm.	Buy 3, get 1 free
15	Fa	75 gm.	Buy 3 get 1 free
16	Savlon		Rs.3 off
17	Denim		Buy 3, get men's razor free
18	Cinthol		Buy 2, get 1 Promise Get free
19	Medimix		Free sachet of cough syrup
20	Breeze		Buy 2, get 1 free
21	Palmolive Natural		Buy 2, get soap dish free worth Rs.5



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### Lets see the Size of the Industry

Advertising used to be the dominant player in the marketing communication arena, but in the 1980s more and more marketers found themselves **driving immediate bottom-line response through the use of sales promotion**. As a result, in the 1990s the budget share switched from what was generally thought to be around 60 percent advertising and 40 percent sales promotion to the reverse: 40 percent advertising and 60 percent sales promotion.

Determining the actual size of the sales promotion industry is difficult because so many different types of operations are involved. Table on **the Promotion Industry** lists the various consumer sales pro-motion categories and their gross revenues as collected by Promo magazine, the industry trade publication. Note that premium incentives and point-of-purchase (POP) displays led the way with \$20.5 billion and \$12.6 billion, respectively. Total expenditures reported in 1997 were over \$71 billion, with annual growth averaging over 8 percent. Over 50 percent, is spent on promotions directed at the trade, with the remaining dollars spent on mass media. Current trends suggest that more money is now spent on sales promotion than on advertising (roughly 75 percent versus 25 percent, per Table **The Promotion Industry**).

Finally, the growth of sales promotion has spurred growth in the number of organiza-tions involved in sales promotion. Virtually all-major advertising agencies have acquired a sales promotion subsidiary or have brought sales promotion in-house.

The Promotion Industry		
Type of Sales Promotion	Gross Revenue (\$ millions)	Percentage
Premium incentives	20,500	28.7
Point of purchase	12,600	17.6
Ad specialties	9,490	13.3
Coupons	6,040	8.4
Specialty printing	5,600	7.8
Sponsorships	5,400	7.6
Licensing	4,990	7.0
Promotion fulfillment	2,500	3.5
Agency net revenues	1,089	1.5
Promotion research	1,000	1.4
Product sampling	856	1.2
Interactive promotions	815	1.1
In-store services	652	.9
Total	71,533	

Now let's move on to Consumer Promotions

Consumer sales promotions are directed at the ultimate user of the good or service. They are intended to "presell" consumers so that when people go into a store they will look for a particular brand. Most often, consumer sales promotions are the responsibility of the product manager, along with the advertising campaign planner, the advertising department, or a sales promotion agency or advertising agency.

#### Types of Consumer Sales Promotions

- Price deals: cents-off and price pack deals
- Coupons
- Contests and sweepstakes
- Refunds and rebates
- Premiums
- Sampling

#### Price Deals

Two commonly used techniques are a temporary price reduction or a sale price. Their purpose is to encourage trial of a new product, to persuade existing users to buy more or at a different time, or to convince new users to try an established product. These **price deals** are effective only if price is an important factor in brand choice or if consumers are not brand loyal. The most common price deals are listed next.

- A rupee-off deal is a reduction in the normal price charged for a good or service (for example, "was Rs. 1,000, now Rs.500," or "50 percent off") announced at the point of sale or through mass or direct advertising. Point-of-sale announcements include the package itself and signs near the

product or elsewhere in the store. Advertising includes sales flyers, newspaper ads, and broadcast ads.

- Price-pack deals provide the consumer with something extra through the package itself.
- Bonus packs contain additional amounts of the product free when the standard size is purchased at the regular price. For example, Purina Dog Food may offer 25 percent more dog food in the bag.
- Banded packs are used when one or more units of a product are sold at a lower price than if they were bought at the regular single-unit price. Sometimes the products are physically banded together. Bar soap often is offered this way.

**The primary strengths of consumer sales promotions are their variety and flexibility.** There are numerous techniques that can be combined to meet almost any of the sales promotion planner's objectives (see Table **Types of Consumer Sales Promotions**). This flexibility means that all kinds of business can use sales promotion.

Next is:

#### • Coupons

Legal certificates offered by manufacturers and retailers that grant specified savings on selected products are **coupons**. They must be presented for redemption at the point of purchase. Coupons are used mainly to encourage trial and induce brand switching. The \$6-billion coupon industry gets 84 percent of the promotion dollars. However, the industry has been basically flat for most of the late 1990s.

Retailer-sponsored coupons can be redeemed only at the specified retail outlet. The coupon's main advantage is that it allows the advertiser to lower prices without relying on cooperation from the retailer. Manufacturer-sponsored coupons can be redeemed at any outlet distributing the product. They are distributed directly (direct mail, door-to-door), through media (newspaper and magazine ads, free-standing inserts): in or on the package itself, or through the retailer (co-op advertising). Manufacturers also pay retailers a fee for handling their coupons.

Coupons have several disadvantages. Their distribution volume has slipped, and redemption rates have fallen to less than 2 percent. Several reasons may explain this decline in coupon use, as outlined in **Table Reasons for Declining Use of Coupons**

Distribution costs are problematic, but they can be reduced. Improved databases mean coupons can be better targeted, reducing waste and clutter. Clipless or paperless coupons, which use technology to save costs, work this way: A retailer and manufacturer agree to promote a product by discounting to the retailer's frequent-shopper customer base. The discount, which is normally advertised via flyers and shelf notices, is given to all consumers who purchase the product and have their store cards scanned at checkout. A final way to save distribution costs is to engage in co-op couponing by combining several non-competing marketers in a single coupon mailing.

Reasons for Declining Use of Coupons	
Reason	Explanation
Shorter expiration dates	Most expiration dates are now 3.5 months.
The plateauing of face values	The average face value is now 58 cents.
Bonus couponing	Trade members offer shoppers double and triple the face value of manufacturers' coupons but they limit the offer to coupons worth 55 cents or less. This technique has contributed to declining coupon face value.
Cost increases	The face value of the coupon represents only 52 percent of the cost of a coupon. Other cost factors, especially postage and distribution, have increased steadily during the last 5 years.
Misredemption (accidentally or intentionally misredeeming coupons)	This once severe problem has lessened as more retailers use scanners at the checkout

the idea, as Mars found out when a couple who found a gray M&M sued the company.

#### • Refunds and Rebates

A **refund** or **rebate** is a marketer's offer to return a certain amount of money to the consumer who purchases the product. Most refunds encourage product purchase by creating a dead-line. The details of the refund offer generally are distributed through print media or direct mail. General information may be delivered through broadcast media. Refunds are attractive because they stimulate sales without the high cost and waste associated with coupons.

The key to the refund's success is to make it as uncomplicated and nonrestrictive as possible. The refund may take the form of a cash rebate plus a low-value coupon for the same product or other company products, a high-value coupon alone, or a coupon good toward the brand purchased plus several other brands in the manufacturer's line.

Perhaps the biggest problem with couponing is the inability to trace how it affects sales. For this reason, Procter & Gamble eliminated coupons altogether in selected markets, claiming that it wanted to spend its promotion dollars more effectively.

#### • Contests and Sweepstakes

These strategies create excitement by promising "something for nothing" and offering impressive prizes. Contests require participants to compete for a prize or prizes based on some sort of skill or ability. **Sweepstakes** require only that participants submit their names to be included in a drawing or other chance selection. **A game is a type of sweepstake.** It differs from a one-shot drawing type of sweepstake because the time frame is much longer, so it establishes a continuity, requiring customers to return several times to acquire additional pieces (such as bingo-type games) or to improve their chances of winning.

**A good contest or sweepstakes generates a high degree of consumer involvement,** which can revive lagging sales, help obtain on-floor displays, provide merchandising excitement for dealers and salespeople, give vitality and a theme to advertising, and create interest in a low-interest product. **Although contests and sweepstakes can be effective for many promotion objectives; they seem to work particularly well when a product or brand is not living up to its potential and needs a shot in the arm to stimulate sales.**

There are many legal issues involved in contests and sweepstakes and problems can creep into the execution of

#### • Premiums

A **premium** is a tangible reward for performing a particular act, usually purchasing a product or visiting the point of purchase. **It is also called incentive marketing and it works because the premium adds value to the product.** Examples of premiums are the toy in Cracker Jacks, glassware in a box of detergent, and a transistor radio given for taking a real estate tour. **Premiums usually are free. If not, the charge tends to be quite low.**

**One advantage of premiums** is their ability to enhance an advertising campaign or a brand image. The best examples of this strategy are brands or companies that are symbolized by characters such as the Campbell Soup Kids, Tony the Tiger, Cap'n Crunch, and Ronald McDonald, all of which use premiums to reinforce the consumer's association with the character.

The two general types of premiums are direct and mail.

- i. Direct premiums award the incentive immediately, at the time of purchase. There are four variations of direct premiums:
    1. Store premiums, given to customers at the retail site;
    2. In-pack premiums, inserted in the package at the factory;
    3. On-pack premiums, placed on the outside of the package at the factory; and
    4. Container premiums, in which the package is the premium.
- Cereal manufacturers are among the biggest users of in-packs. Kellogg distributed millions of special anniversary promotions

across mini-brands, including Com Flakes, Rice Krispies, and Froot Loops to celebrate the company's ninetieth anniversary. The cereal boxes offer consumer's commemorative Matchbox trucks, utensils, and other collectible items. In addition, Kellogg's Special K cereal teamed with Reebok and Polygram to offer an on-pack, special-edition Reebok Versa Training exercise video. And a recipe and coupon offer good, for free Sun Maid Dried Fruit appeared on packages of Kellogg's Low Fat Granola cereal.

## ii. Mail premiums

Require the customer to take some action before receiving the premium. The original mail premium is called a **self-liquidator**. Self-liquidators usually require that some proof of purchase and payment be mailed in before the customer receives the premium. The price of the item is sufficient to cover the cost, handling, mailing, packaging, and taxes, if any. Another type of mail premium requires the customer to save coupons or special labels attached to the product that can be redeemed for merchandise.

- **Sampling**

Allowing the consumer to experience the product or service is called **sampling**. It is a very effective strategy for introducing a new or modified product or for dislodging an entrenched market leader.

To be successful, the product sampled must virtually sell itself based on a certain uniqueness and ability to create a strong positive impact with minimal trial experience.

Sampling is a small player in the overall sales promotion industry, but it grew in the late 1990s and has reached revenues of \$856 million, with growth rates in the 10 to 11 percent range. Samples can be distributed to consumers in numerous ways. Products now show up with newspapers and on house doorknobs. Sampling also occurs through offices of professionals such as doctors and dentists. The most common method, however, is through the mail. Advertisers can also design ads with coupons for free samples, place samples in special packages, or distribute samples at special in-store displays.

**To celebrate the launch of a new cartoon video, Scooby-Doo: On Zombie Island,, 100 malls** in top markets were used to stage a cartoon Halloween extravaganza. Surrounded by posters, stickers, hanging banners, displays, and floor decals all conveying spooky Halloween images, a photo set was created in which children could play themselves in a scary cartoon animation photo cell with Scooby-Doo, star of the cartoon. In addition to walking away with a photo of themselves and Scooby-Doo, consumers were shown a technology that lets them make their own photo stickers. And a candy manufacturer stashed samples at various stores, creating a trick-or-treat sampling event.

In general, retailers and manufacturers maintain that sampling can boost sales volume as much as 10 times during a product demonstration and 10 percent to 15 percent thereafter. Sampling is generally most effective when reinforced on the spot with product coupons. Most consumers like sampling because they do not lose any money if they do not like the product.

## Next type of promotion is Trade Promotions

I hope all of you can recall the marketer's push strategy for their products through the channel using trade advertising and trade sales promotion. Trade advertising directed at wholesalers and retailers can be effective in providing trade members with important information about the new product and its selling points. In addition, trade promotion techniques, especially price discounts, point-of-purchase displays, and advertising allowances, help gain shelf space for products.

Although the Marines may not seem like an operation that has a trade audience, the "MarinesXtreme" campaign needed the support of the Marines in the recruiting offices. J. Walter Thompson produced a training video and package to introduce these Marines to the new campaign and the new attitude-driven recruitment environment.

Resellers, or intermediaries, are the 1.3 million retailers and 338,000 wholesalers who distribute the products manufacturers make. The manufacturer usually is certain the product is acceptable only if resellers are willing to carry and push it. Sales promotion is used to bring resellers to that point of conviction.

The actual size or worth of trade promotions is difficult to determine accurately. Although this category represented nearly 50 percent of total promotional spending, this percentage varies by industry and size of business. Among packaged-goods companies, trade spending accounts for 53 percent of their total advertising and promotion budgets. Additionally, millions (or perhaps billions) of trade dollars are difficult to trace.

There are four overall goals of a trade promotion:

1. To stimulate in-store merchandising or other trade support (for example, feature pricing, superior store location, or shelf space)
2. To manipulate levels of inventory held by wholesalers and retailers
3. To expand product distribution to new areas of the country or new classes of trade
4. To create a high level of excitement about the product among those responsible for its sale

The ultimate gauge of a successful trade promotion is whether sales increase. Many promotional devices designed to motivate resellers to engage in certain sales activities are available to the manufacturer. The major ones are listed in the margin.

- **Point-of-Purchase Displays**

A manufacturer-designed display that is distributed to retailers who use it to call their customers' attention to product promotions is known as a **point of purchase (POP) display**. (It is also called point of sale or POS.) Next to premiums, the \$12.6-billion POP industry is the **second largest category of sales promotion expenditures**.

Although the forms vary by industry, POP can include special racks, display cartons, banners, signs, price cards, and mechanical product dispensers. The following are the most popular POP tools and techniques.



Carton displays	Banners
Floorstands	Inflatables
Sidekicks	Product dispensers
Counter units	Chalkboards
Dump bins	Mirrors and clocks
Kiosks	Lightboxes
Literature holders	Posters
Neon signs	Decals
Menus and menuboards	CD listening stations
Table tents	Video units
Shelf talkers	Motion units
Signs (metal, cardboard, wood, paper, plastic, etc.)	

A form of POP is the merchandising display, which retailers use to showcase their products and create a personality for their stores. For example, Sears has been going through a sweeping restructuring of its operations. **An important element in its fully integrated marketing strategy is integrating the in-store presentation of products with external advertising and other marketing communication.**

POP is the only advertising that occurs when all the elements of the sale—the consumer, the money, and the product—come together at the same time. As we move toward a self-service retail environment in which fewer and fewer customers expect help from sales clerks, the role of POP will continue to increase. According to the Point of Purchase Advertising Institute (POP AI), people make 66 percent of their purchase decisions while in the store rather than before they enter the store.

POP must be well planned to succeed. Advertisers must consider not only whether POP is appealing to the end user, but also whether the trade will use it. Retailers will use a POP only if they are convinced that it will generate greater sales. In addition, a POP program should be coordinated with the theme used in advertisements. This not only acts as a type of repetition, but also creates a last-minute association between the campaign and the place of decision.

Smart POP suppliers concentrate on developing relationships not only with manufacturers but also with the retailers that are driving in-store displays. Partnering between marketers and retailers is becoming more common. Brand marketers are seeking out POP suppliers that have experience with retailers.

#### • Retailer (Dealer) Kits

Materials used to support retailers' selling efforts or materials that help representatives make sales calls on prospective retailing customers are often designed as kits. The kits contain supporting information, such as detailed product specifications, how-to-do-it display information, and adslicks, which are print ads that are ready to be sent to the local print media as soon as the retailer or dealer adds

identification, location, promotion price, or other information. "The Inside Story" features the challenge one advertiser faced in developing its re-tailer kits.

#### • Contests and Sweepstakes

As in the case of consumer sales promotion, advertisers can develop contests and sweepstakes to motivate resellers. Contests are far more common, chiefly because contest prizes usually are tied to the sale of the sponsor's product. A sales quota is set, for example, and the re-tailer or person who exceeds the quota by the largest percentage wins the contest.

The need to create the desired amount of excitement and motivation has forced designers to develop spectacular contests with impressive prizes. It is also important to offer the right incentive. Frequent contests quickly lose their excitement, however, which explains why contests are effective only if they take place periodically. If conducted properly, contests can provide short-term benefits and can improve the relationship between the manufacturer and the reseller.

#### • Trade Shows and Exhibits

Many industries present and sell their merchandise at trade shows and exhibits that allow product demonstration, providing information, answering questions, comparing competing brands, and writing orders. In turn, trade shows permit manufacturers to gather a great deal of information about their competition. In an environment where all the companies are attempting to give a clear picture of their products to potential customers, competitors can easily compare quality, features, prices, and technology.

**General Motors** uses a traveling car show, called "Auto Show in Motion," to connect with customers and prospective customers. The event combines the environment of an auto show: a full range of all GM makes and models, including concept vehicles, with the chance to take hassle-free test drives of GM's and key competitor's models. Consumers face absolutely no salespeople and no sales pressure. Another part of the lure is the promise of a good meal free for the sampling. Prospects who receive the invitation confirm their reservation by calling an 800 number or registering on the event's Web page.

#### • Trade Incentives and Deals

Advertisers often have to use different tactics when a contest is inappropriate, the goal is to gain extra shelf space, or the goal is to increase the use of promotional materials rather than to increase sales. In such cases advertisers offer incentives to trade members for accomplishing certain tasks.

**Incentive programs are common when the advertiser is introducing a new product in a market, trying to gain more space on store shelves, or getting retailers to stock more of a product.** For instance, a manufacturer may offer substantial cash or merchandise prize to the retailer who orders the highest amount of a certain product.

Most incentive programs are customized for each reseller and each situation. **However, two types of trade incentive programs are somewhat standard: bonuses and dealer load-ers.**

**Trade deals** are the most important reseller sales promotion technique. A retailer is “on deal” when he agrees to give the manufacturer’s product a special promotional effort that it would not normally receive. These promotional efforts can take the form of special displays, extra purchases, superior store locations, or greater promotion in general. In return, retailers sometimes receive special allowances, discounts, goods, or cash. The most common types are buying allowances and advertising allowances (including display allowances and cooperative advertising).

No one knows exactly how much money is spent on trade deals. Experts estimate approximately \$8 billion to \$12 billion annually. In some industries, such as grocery products, electronics, computers, and automobiles, trade deals are expected. A manufacturer would find it impossible to compete in these industries without offering trade discounts. The requirement to deal has been a point of contention between manufacturers and retailers for years.

In fact, the requirement to deal has become so widespread that many advertisers fear that dealing is more important than the product’s value in determining which products receive the greatest promotion.

### Dealing with the Trade

- **Bonuses.** Push money, or spiffs, is a monetary bonus paid to a salesperson based on units sold over a period of time. For example, an air conditioner manufacturer might offer a \$50 bonus for the sale of one model and \$75 for a fancier model between April 1 and October 1. At the end of that period each salesperson sends in evidence of total sales to the manufacturer and receives a check for the appropriate amount.
- **Dealer loaders.** These are premiums (comparable to a consumer premium) that a manufacturer gives to a retailer for buying a certain amount of a product. Budweiser offered store managers a free trip to the Super Bowl if they sold a certain amount of beer in a specified period of time before the event. Display loaders reward retailers by giving them the display after the promotion is over. For example, Old Pepper built a store display for the July 4th holiday that included a gas grill, picnic table, basket, and other items. The store manager was awarded these items after the promotion ended.
- **Buying allowances.** A manufacturer pays a reseller a set amount of money for purchasing a certain amount of the product during a specified time period. All the retailer has to do is meet the purchase requirements. The payment may be given in the form of a check from the manufacturer or a discounted invoice.
- **Advertising allowances.** The manufacturer pays the wholesaler or retailer a certain amount of money to advertise the manufacturer’s product. This allowance can be a flat dollar amount or it can be a percentage of gross purchases during a specified time period.
- **Cooperative advertising.** In a contractual arrangement between the manufacturer and the resellers, the manufacturer

agrees to pay a part or all of the advertising expenses incurred by the retailers. **Display allowance.** A direct payment of cash or goods is given to the retailer if the retailer agrees to set up the point-of-sale display as specified. Before issuing the payment, the manufacturer requires the retailer’s signature on a certificate of agreement.

### Let’s understand other types of promotions

Advertisers rely on numerous promotions that communicate their marketing messages in creative ways. In this section, we focus on sponsorships, event marketing, specialties, interactive and Internet promotions. Many of these promotion techniques, such as sponsorships and event marketing, blur the line between promotions, advertising, and public relations.

#### • Sponsorships and Event Marketing

Sponsorships include a number of different activities, including sports sponsorships; entertainment tours and attractions; festivals, fairs, and annual events; cause marketing (associating with an event that supports a social cause); however, the category is growing at a rate of around 9 percent.

The term **event marketing** has emerged in the last decade to describe the marketing practice in which a brand is linked to an event to create experiences for customers and associate the brand personality with a certain lifestyle. Special events are also used to celebrate milestones, such as Scrabble’s 50th anniversary and the 30th anniversary of the Big Mac hamburger.

Many special events are the public relations manager’s responsibility. In other instances, they are considered a sales promotion activity, particularly if a product is being sold through the event. For a company like Reebok that is very much immersed in lifestyle marketing, there is even a director of events marketing.

Regardless of title or place in the organization, in a sponsorship—when a company sponsors a sports event or concert, or supports a charity with its resources—it is attempting to increase the perceived value of the sponsor’s brand in the consumer’s mind. **IBM, General Motors, and Sony spend millions of dollars to be official sponsors of the Olympics. Lipton Tea sponsors golf tournaments, Texaco sponsors car races, Siemens sponsors international men’s tennis, and 7-11 sponsors the Jerry Lewis Annual Telethon.** These events give sales representatives the opportunity to interact with people for the first time in a social environment as opposed to a less relaxed business setting.

Blimps, balloons, and inflatables are used at many events. Everybody has probably heard of the Goodyear blimp, but other companies such as Fuji, Sea World, and Metropolitan Life Insurance also use aerial advertising. Met Life, for example, uses characters from the popular “Peanuts” comic strip in its advertising, and its two blimps, Snoopy I and Snoopy II, connect with the campaign. Some advertisers, such as Swatch, use sophisticated technology to design balloons in the shape of their products.

Inflatables, giant models of products and packages that do not float are used at all kinds of events, including grand openings, sporting events, parades, trade shows, Beaches, malls, and other places where they can make an impression for a new product rollout. Giant in-inflatables' huge size and three-dimensional shape demand attention and provide a new, often entertaining, and highly memorable product presentation.

#### • Interactive and Internet Promotions

The interactive sales promotion industry encompasses prepaid phonecards, telemarketing 800- and 900-number programs, and Internet-based promotions. The prepaid phonecard, which is often used as a premium, represents \$500 million in revenue, although experts estimate revenue will quickly reach \$2 billion. Its primary appeal is free long-distance calls. Thanks to the passage of the Congressional Telecom bill, this product will be simplified. A manufacturer is now making an audio-based phonecard that eliminates consumer number-punching of the toll-free and PIN numbers.

More and more companies are using the Internet as a promotional medium. The Internet generates about \$815 million in promotion revenues. It is still in the infant stage but experts predict that a medium that reaches 55 million households with some 300 billion offers is bound to grow. At this time, cyber-marketing is far from an exact science; most marketers are still experimenting. Generally, little pressure is applied to get a respectable return-on-investment as marketers dabble with online formats that are intended to attract consumers.

Sampling has been a mainstay of Internet and software promotion. The MSN Internet Access disk with an updated version of Microsoft's Internet Explorer was mailed directly to the homes and offices of computer users in its database. America Online (AOL) has been the leader in this area. It mailed more than a million disks and 50 hours of free time online to launch a new version of its software.

Sweepstakes and contests are among the most frequently used tools to drive people to marketers' Internet sites. For example, America Online has conducted numerous prize promotions to drive users to its advertisers' areas; the latest gives visitors a chance to win a \$1-million drawing and one of the dozens of daily prizes including merchandise emblazoned with the online service's logo. To participate, members log onto the service and click on a number of icons. People can also enter both the daily drawings by calling toll-free number.

The results from Internet sweepstakes can be breathtaking. According to Seth Godin, president and founder of Yoyodyne, an online marketing and sweepstakes company, "We basically say, if you give us permission to e-mail you information about a product or a site, we'll give you a chance to win a house." He explains, "We get a 36 percent response rate every time we send an e-mail, which is about thirty times what you get with direct mail marketing." Steven Krein, president and chief executive of Webstaks, an online sweepstakes company, says, "Sweepstakes, combined with the Internet's direct marketing tools, equals sweepstakes on

steroids. You're not just filling in information on a card. There's so much more interaction, that's why the results can be astronomical."

Some sites offer promotions available only to online purchasers, such as discounted prices or free offers such as frequent flier miles. Incentive programs offered by online marketers CyberGold ([www.cybergold.com](http://www.cybergold.com)), FreeRide Media ([www.freeride.com](http://www.freeride.com)), In-tellipost ([www.bonusmail.com](http://www.bonusmail.com)), Motivation Net ([www.mypoints.com](http://www.mypoints.com)), and Netcentives ([www.clickrewards.com](http://www.clickrewards.com)) offer discounts to customers who enroll with them before buying from other merchants. For example, if you go to the ClickRewards site and then to the advertised 1-800-Flowers site to order flowers for your mother's birthday, you can earn 300 ClickRewards, worth 300 miles in airline travel. You have to sign up and trade your demographic information for the points. The company then aggregates information about groups of online shoppers without sharing personal identifying information.<sup>15</sup>

The Internet also lends itself to coupon distribution. Several sites have been designed for this. Catalina's ValuPage Web site ([www.valupage.com](http://www.valupage.com)) allows users to print coupons that they can use at 7,000 supermarkets. The coupon is printed with a barcode and is used with the shopper's store card. This then links the shopper's Internet information with store card information. Another popular coupon site is <http://www.suzicoupon.com>.

Some of the most elaborate Web sites promote movies and television shows. For the television show Dawson's Creek, the official Web site lets visitors look at the desktop of the main character, Dawson Leery. They can see notes from his journal, screenplay excerpts, e-mail messages, and what he's got in his wastebasket (<http://www.dawsonscreek.com>). The site changes daily.<sup>16</sup>

#### • Loyalty Programs/Continuity Programs

A **loyalty program**, such as airline frequent flyer programs, is designed to increase customer retention. Marketers typically define loyalty programs as ones created to keep and reward customers for their patronage. Thus, they are also called continuity programs. If customers have a reason to come back for more, the thinking goes, they'll spend more. A loyalty or continuity program requires the consumer to continue purchasing the product to receive the benefit or reward. Typically, the higher the purchase level, the greater the benefits. These principles are highlighted in the four mandates of loyalty programs.

Today continuity programs are synonymous with the word frequent. Frequent-flies clubs, created by United and American Airlines in 1981, are the model of a modern continuity program. They offer a variety of rewards, including seat upgrades, free tickets, and pre-miums based on the number of frequent-flier miles accumulated. Continuity programs work in very competitive situations in which the consumer has difficulty perceiving real differences between brands. The Pepsi Stuff program, for instance, is designed to lock in its loyal drinkers and separate them from Coke enthusiasts who are being wooed with the new Cock Card featured in "A Matter of Effectiveness."

Most continuity programs are long-term, point-based incentive programs in which the more money customers spend with a vendor, the more benefits or rewards they receive. TGI Friday's, for example, has a "Frequent Friday's" program with several million members. Members receive 10 points for every dollar they spend in the restaurant. Bonuses included 500 enrollment points and double, triple, and double-triple points for special promotions.

#### Practical Tips # 1

##### The Four Mandates of Loyalty Programs

1. Identify your best customers.
2. Connect with those best customers.
3. Retain the best customers, usually by rewarding them for their patronage.
4. Cultivate new "best customers."

##### Matter of Effectiveness: A 360-Degree Landscape of Coke

The Coke Card looks much like a credit card and can be plunked on a counter like a credit card to get discounts from participating retail partners. The card opens the door to a wealth of activities, from bowling to dining to shopping or watching movies. Some 60 million Coke Cards were distributed to Coke Classic's consumers, primarily teens and young adults. The Coke Card comes packaged in a sleeve that unfolds to list a number of offers from participating partners. Because the loyalty program is localized, there are some 180 different versions of the sleeve. Each version has at least 50 offers specific to that market. If each offer is activated just once, the value averages about \$220, but each offer is unlimited through the life of the program. The \$75 million launch had one objective: to add value to the experience of drinking a Coke. With 9,500 partners offering some 20,000 items, the goal is to put the brand within an arm's reach of wherever Coke loyalists roam. Coke's strategy is to have the brand present at every turn and create a "360-degree Coca-Cola landscape." Frank P. Bi-fulco, Jr., Coca-Cola's vice president of marketing, says, "We want to be within an arm's reach of desire." The Coke Card is about more than, integrating all the marketing communication efforts. It is being used to coordinate efforts across all consumer segments as well as across trade channels. Localizing the offers makes the program as relevant to urban consumers in Detroit as to rural consumers in Minnesota and a hundred other demographic segments that Coke considers to be in its target market. Bottlers and field sales reps are also an important part of the promotional effort. They were challenged to go out into their geographic areas and find partners. That approach not only made the effort more relevant locally, but also gave them ownership of the project and created 100 percent buy-in across the huge Coke system. Coke bottlers were also involved with local schools and educational institutions, creating opportunities for schools to earn money by helping with the distribution of the cards. Given the scale of this project, it's no wonder the Coke Card is billed as Coca-Cola's biggest promotion ever. Source: Adapted from Shannon Kinnard, "60 Million of a Kind," Integrated Marketing and Promotion (May/ June 199B): 16-19.

Members who accumulate 1,250 points receive a free appetizer and 5,750 points are good for a \$15 dining certificate.

These membership programs are also good ways to collect information for a base. The enrollment application at TGI Friday's, for example, captures name, address, telephone number, birth date, business Zips, and average visit frequency. The database also records locations, dates, times, and purchase amounts. Moreover, the system can record member orders.

#### • Co-Marketing Programs

**Co-marketing** programs are designed to build stronger relationships between manufacturers and retailers. Manufacturers develop marketing communication programs with their main retail accounts, instead of for them. For example, Procter & Gamble might develop a spring cleaning promotion directed at Wal-Mart shoppers that features P&G cleaning products at special sale prices.

**Co-branding** occurs when two companies come together to offer a product. An example of co-branding is when American Airlines puts its logo on a Citibank Visa card and award Advantage points to Citibank Visa card users. Both companies are equally present in the product's design and promotion.

Another type of cooperative marketing program is **tie-ins**, which are proving to be an effective strategy for marketers that are using associations between complementary brands to make one plus one equal three. For example, Doritos may develop a tie-in promotion with Pace salsa.

The reason for the many tie-in success stories is that brands can leverage similar strengths to achieve a bigger and quicker impact in the marketplace. Typically, marketers align themselves with partners that provide numerous complementary elements, including common target audiences, purchase cycle patterns, distribution channels, retailer penetration, and demographics to drive their products and promotions through retail channels and into the minds of consumers.

One company that is tasting the sweet benefits of a tie-in strategy is Westlake Village, a California-based Dole Foods Company. The manufacturer uses Easter and other holiday-themed tie-ins to increase display space and market share for its canned pineapple juice, canned pineapple, raisin, and mandarin orange products.

Dole used a two-pronged approach during its month-long Easter promotion. The big-ticket sweepstakes included 50 cruises for two aboard American Hawaii Cruises, plus airfare from anywhere in the U.S. mainland. The trade was also invited. Retailers could give away a cruise if they put at least 100 cases of product on display. This provided a local sweepstakes component to complement the national-level program and generated wide-spread retailer support during a period when displays are tough to get.

The second element was a cooking video that tied in with Dole brands by focusing on Hawaiian and Pacific Rim dishes. The cruise line got exposure because the video was shot on board an American Hawaiian ship and featured its



head chef. The video cost consumers only \$4.95 plus two proofs of purchase. Dole's percentage share of the canned pineapple market is usually in the low forties. During the 4-week period surrounding the Easter holiday promotion, the company's market share hit 50 percent, with a sales increase of 20 percent.<sup>20</sup>

### The Role Of Promotions In Marketing

Promotions are just one element of the marketing communication mix available to the marketer; others are personal selling, direct marketing, advertising, and public relations. Because of their unique characteristics, however, promotions can accomplish certain communication goals that the other techniques cannot. Here we discuss the strategy behind the use of promotions, as well as how advertising and promotions complement each other, particularly in certain situations such as building brand images and launching new products.

### Promotion Strategies

Research suggests that there are certain things that promotion can and cannot do. Promotion can offer consumers an immediate inducement to buy a product, often simply by making the product more valuable. Sales promotion can cause consumers who know nothing about your product to try it, and it can persuade them to buy again. That's the pull function. It can push the product through the distribution channel by generating positive brand experiences among resellers and buyers in many places along the channel and purchase continuum.

Promotions can help introduce a new product or build a brand over time by reinforcing advertising images and messages, creating an affinity between brands and buyers, and providing new channels for reaching audience segments.

Promotions alone cannot create an image for a brand. They cannot compensate for lack of advertising. They cannot do much to change negative attitudes toward a product, overcome product problems, or reverse a declining sales trend.

Using promotions effectively means establishing goals, selecting appropriate strategies, and setting a budget. Finally, management should evaluate the promotion's effectiveness. Although all these elements are important, setting promotional objectives is critical. Our definition of sales promotion, for example, implied three broad objectives:

- To stimulate demand by industrial users or household consumers
- To improve the marketing performance of resellers
- To supplement and coordinate advertising, personal selling, and public relations activities

### Objectives

Unlike advertising, whose primary objectives are to influence consumer attitudes, promotion is intended to change consumer behavior. To get customers to try a new product, companies such as Del Monte, Ralph Lauren, and Wilkinson Sword distribute over 500,000 free samples in Daytona Beach each spring break. To encourage increased spending during the holiday season, Kraft food products and Hasbro toys participated in a joint promotion through a nationally distributed, free-standing newspaper insert that included cents-off coupons

and rebates on toys. To encourage present customers to use the product more often in France, Orangina, the tangerine-flavored soft drink, tied in with a fast-food chain to offer music-related premiums to consumers who ordered the drink; sales rocketed.

### Building Brands

For some years, there has been a heated debate concerning brand building. Advertisers claim that the strength of advertising is creating and maintaining brand image and that sales promotion negates all their hard work by diverting the emphasis from the brand to the price. The result is a brand-insensitive consumer. Critics of sales promotion cite the price-cutting strategies followed by Coke and Pepsi as an example of two brands that are now interchangeable in the minds of many consumers. On any given weekend, Coke and Pepsi product displays are located on end-of-the-aisle displays featuring six-pack prices as low as \$.99 and 2-liter bottles as low as \$.79.

Consider McDonald's, which has long based its image on everyday value, one of the four pillars of McDonald's marketing mantra: Quality, Service, Cleanliness, and Value (QSC&V). The 99-cent Big Mac damages more than its bottom line because the price promotion undercuts the value pillar. In other words, if value is central to McDonald's pricing, then it shouldn't have the pricing flexibility that permits special sale prices.<sup>22</sup>

Procter & Gamble's division manager of advertising and sales promotion, V. O. "Bud" Hamilton, explains it this way: "Too many marketers no longer adhere to the fundamental premise of brand building, which is that franchises aren't built by cutting price but rather by offering superior quality at a reasonable price and clearly communicating that value to consumers. The price-cutting patterns begun in the early 1970s continue today, fostering a short-term orientation that has caused long-term brand building to suffer",<sup>23</sup> Critics point to a general decline in consumer brand loyalty as just one negative consequence caused by sales promotion.

The problem is that brand building is a long-term and time-consuming process of establishing the brand's core values. Promotion, whether a sale price, a premium, a coupon, or some other incentive, is inherently short term. Brand-building promotions can be designed but every promotional idea has to be considered not only to pump the bottom line, but also to build an association and personality for the brand.

Sales promotion experts argue that sales promotion can also be used to build brand image. They refer to many cereal brands, rental car companies, airlines, and hotels that have used a variety of well-planned sales promotion strategies to enhance their brand image. Second, they acknowledge that continuous promotion—particularly continuous price promotion—does not work well with brand building, except for discount marketers whose image is built on the notion of sale prices.

According to one industry expert, the solution is to make advertising more accountable and promotion more brand focused. He explains, "In isolation, neither traditional advertising nor promotion can deliver the level of long-term image and profitable volume-building that's now required."<sup>24</sup>

## Introducing New Products

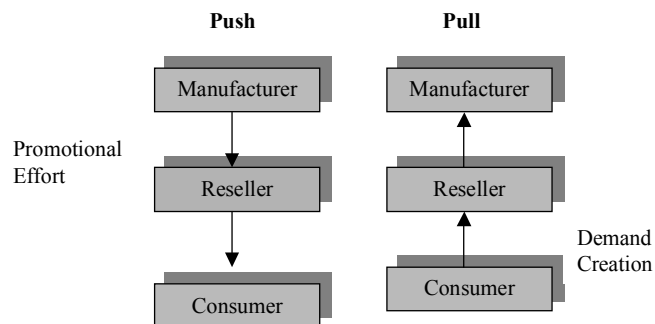
One area in which advertising and promotion work well together is the introduction of new products and services. M&M's Crispy, touted as the largest candy launch in history, used more than \$50 million in advertising, 75 million samples, and 100 million free product coupons, all integrated under the tagline, "The Feeding Frenzy Has Begun."<sup>25</sup>

To demonstrate the strategy behind promotion's role in a new product launch, let's suppose we are introducing a new corn chip named Corn Crunchies. Our first challenge is create awareness of this product, and, this is the real strength of advertising. However, sometimes advertising can be combined with an appropriate promotion to call attention the brand name. Possibilities are colorful point-of-purchase displays, a reduced introductory price, a special tie-in with a well-known chip dip company, sponsorship of a team, or a special event that will attract people in the target market.

Creating awareness will only take the product so far, however. Corn Crunchies must also be perceived as offering some clear benefit compared to the competitors to convince consumers to purchase it. Sales promotion does this first by encouraging trial. By offering coupons as part of the ad and mailing free samples to households, Corn Crunchies' manufacturer will offer consumers an opportunity to try the corn chip. By conducting a contest in conjunction with sampling, we can also implement a pull strategy. If consumers like Corn Crunchies, they will go to their supermarkets and ask for them; that is, they will pull the product through the distribution channel. Sampling is often used as part of event marketing because it is a way to reach a highly targeted audience. -

Unfortunately, creating awareness and desire mean nothing unless the product is available where the consumer thinks it should be. Somehow the trade must be convinced that the product will move off the shelves. Therefore, a push promotional strategy is used to convince members of the distribution network to carry and market Corn Crunchies. We'll talk more about trade promotions in the next section. Most marketers use some combination of push and pull strategies. Using one to the exclusion of the other would usually prove risky, given the need to appeal to both customers: reseller and consumer (see Figure 15.2).

After the initial purchase we want the customer to repeat purchase, so specialties, such as a well-designed snack bowl, can be used to serve as a brand reminder. We also want retailers to allocate more shelf space to Corn Crunchies. This means that advertising copy is changed to remind customers about the positive experience they had with the product, and sales promotion is used to reinforce their loyalty with coupons, rebates, and other rewards. Retailers will be rewarded as well, with a predictable customer who will not only buy the product being promoted but will also purchase other products while in the store.



Co-marketing and co-branding are also used to get marketing partners involved in the product launch, and tie-ins help spread the costs.

## Promotion Integration

Advertising and promotions have numerous similarities and often work together toward a common goal, but they also differ in many ways. The major differences concern their methods of appeal and the value they add to the sale of the product or service. Advertising is interested in creating an image and will take the time to do so, whereas promotions are interested in intensifying involvement and creating immediate action. To accomplish this immediate goal, sales promotion may rely heavily on rational appeals. In contrast, advertising relies on emotional appeals to promote the product's image. Advertising also tends to add intangible value to the good or service and makes a moderate contribution to profitability. Promotions add tangible value to the good or service and contribute greatly to profitability.

Despite the differences, keep in mind that advertising and promotion have much in common. Some roles they share include increasing the number of customers and increasing the use of the product by current customers. Both tasks attempt to change audience perceptions about the product or service, and both attempt to make people do something. Of course, the specific techniques used to accomplish these tasks differ.

There is a close relationship between the two in another way; in most cases, promotions must be supported by advertising. Price deals, for example, are advertised as a way to build traffic in a store. Contests, sweepstakes, and special events won't work if no one knows about them. Promo magazine estimates that marketers spend some \$20 billion on ads that feature or co-star a promotion.

Another area calling for cooperation and integration is the use of direct marketing to promote a promotion. For example, we mentioned earlier that direct mail is used to deliver samples. The Sears "Umpteen Appliances" campaign discussed in chapter 9 combined direct mail with an advertising specialty mailed to the home as part of its HomeCentral™ appliance repair service launch. The specialty was a branded refrigerator magnet that provided a visible daily reminder of the new Sears brand of appliance repair. This promotion was also supported with magazine advertising announcing this value-added program and the idea of one simple phone number, 1-800-4-REPAIR.

Advertising	Sales Promotion
Creates an image over time	Creates immediate action
Relies on emotional appeals	Relies on rational appeals
Adds intangible value to the product or service	Adds tangible value to the product or service
Contributes moderately to short-term profitability	Contributes greatly to short-term profitability

## Notes

[illegible]

## LESSON 29 :

## PUBLIC RELATIONS, SPONSORSHIP, DIRECT MARKETING, PACKAGING AND MERCHANDISING WITH THEIR ROLE, CHARACTERISTICS, OBJECTIVES, ADVANTAGES/DISADVANTAGES

**Objective**

Students by the end of this lesson you can answer questions related to Public relation, direct marketing, merchandising and packing along with the objective.



Lets focus on another major mass-promotion tool that is public relations. **Let us know how marketers develop public relations to meet their promotional objectives.**

Simply speaking, public relations would mean - building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events. Public relations departments may perform any or all of the following functions

**Public Relations**

Building good relations with the company's various publics by obtaining favorable publicity, building up a good "corporate image," and handling or heading off unfavorable rumors, stories, and events.

Not only must the company relate constructively to customers, suppliers, and dealers, but it must also relate to a large number of interested publics.

**A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives.**

Public relations (PR) involves a variety of programs designed to promote or protect a company's image or its individual products.

**Lets find out the Role and Impact of Public Relations?**

Public relations has often been treated as a minor element in the promotion mix, but the wise company takes concrete steps to manage successful relations with its key publics. Most companies have a public-relations department that monitors the

attitudes of the organization's publics and distributes information and communications to build of the goodwill. The best PR departments spend time counseling top management to adopt positive programs and to eliminate questionable practice so that negative publicity does not arise in the first place.

Public relations is used to promote products, people, places, ideas, activities, organizations, and even nations. Public relations can have a strong impact on public awareness at a much lower cost than advertising can. The company does not pay for the space or time in the media. Rather, it pays for a staff to develop and circulate information and to manage events. If the company develops an interesting story, it could be picked up by several different media, having the same effect as advertising that would cost millions of dollars. And it would have more credibility than advertising.

Public Relations perform the following five functions:

1. **Press relations:** Presenting news and information about the organization in the most positive light.
2. **Product publicity:** Sponsoring efforts to publicize specific products.
3. **Corporate communication:** Promoting understanding of the organization through internal and external communications.
4. **Lobbying:** Dealing with legislators and government officials to promote or defeat legislation and regulation.
5. **Counseling:** Advising management about public issues and company positions and image during good times and crises.

**Knowing Major Public Relations Tools**

Organizations use a variety of public relations tools to convey messages and to create images.

Public relations professionals use several tools. One of the major tools is news. PR professionals find or create favorable news about the company and its products or people. Sometimes news stories occur naturally, and sometimes the PR person can suggest events or activities that would create news. Speeches can also create product and company publicity. Increasingly, company executives must field questions from the media or give talks at trade associations or sales meetings, and these events can either build or hurt the company's image.

Another common PR tool is special events, ranging from news conferences, press tours, grand openings, and fireworks displays to laser shows, hot air balloon releases, multimedia presentations and star-studded spectacles, and educational programs designed to reach and interest target publics. Recently, mobile marketing—traveling promotional tours that bring the brand to consumers—has emerged as an effective way to build one-to-one relationships with targeted consumers.



Public relations people also prepare written materials to reach and influence their target markets. These materials include annual reports, brochures, articles, and company newsletters and magazines. Audiovisual materials, such as films, slide-and-sound programs, and video- and audiocassettes, are being used increasingly as communication tools. Corporate identity materials can also help create a corporate identity that the public immediately recognizes.

Logos, stationery, brochures, signs, business forms, business cards, buildings, uniforms, and company cars and trucks—all become marketing tools when they are attractive, distinctive, and memorable. Finally, companies can improve public goodwill by contributing money and time to public service activities.

Here are some examples of good PR activities:

- A press release saying that a company has developed a way of recycling garbage from landfills to produce plastics.
- The company sponsors a major charitable or sporting event (e.g. the London Marathon or a famine-relief project).
- An announcement that one of the firm's senior executives has been seconded to a major government job-creation programme.
- The Body Shop requires all its franchise operations to run projects to benefit their local communities. This gives a positive image of the company to the community, and also gives the staff pride in working for a caring firm.
- McDonald's counters the negative publicity from environmental pressure groups by running litter patrols outside its restaurants.

Good PR can be much more effective than advertising, for the following reasons:

- The press coverage is free, so there is better use of the promotional budget.
- The message carries greater credibility because it is in the editorial part of the paper.
- The message is more likely to be read, because while readers tend to skip past the advertisements, their purpose in buying the paper is to read the news stories.

Like people, organizations have needs; a structure for these (based on Maslow's hierarchy) was developed by Pearson

(1980). PR is helpful in meeting all the organization's needs, but particularly those nearer the top of the hierarchy. **Table the hierarchy of organizational needs** shows Pearson's hierarchy of organizational needs, with the lowest, most basic needs at the beginning of the table, and higher needs at the end.

Like Maslow's hierarchy, Pearson's hierarchy is useful as a concept but less useful as a practical guide, because so many firms deviate from the order in which the needs are met. For example, when Sony Corporation was founded by Akio Morita (and others) just after the Second World War, the directors decided that corporate unity and staff involvement would begin almost from day one, at a time when (due to post-war shortages) the company was having difficulty getting materials to work with and a factory to operate from. Morita arranged for the employees to have a company uniform so that the distinction between management and staff would be less obvious, and also to give the outside world a good impression of the firm (Morita, 1980). Incidentally, this also had a practical aspect - many of the employees had only ragged clothes or the remnants of their army uniforms, so Morita was able to ensure loyalty because so many of his staff literally had nothing else to wear except the company uniform.

Public relations activities cover a whole range of issues and should not be considered solely as a publicity device. PR has a strategic role to play in maintaining the organisation's reputation; The hierarchy of organisational needs shows the relationship between publicity, PR and press relations. PR occupies the overall strategic role, with publicity (creating news) and press relations (ensuring that news is printed) occupying the tactical positions.

PR has a key role to play in relationship marketing since it is concerned with building a long-term favourable image rather

than gaining a quick sale. Relationship marketing is often compared to courtship and marriage: a public relation is concerned with making a good impression before the first ‘date’ and with maintaining a good relationship during the ‘courtship’ and ‘marriage’. To extend the analogy, PR ensures that the company is wearing its best clothes and is on its best behaviour, and remembers anniversaries and birthdays.

In brief one can summarize the tools as follows: -

- Public relations professionals prepare written materials such as brochures, newsletters, company magazines, annual reports, and news releases.
- Corporate identity material such as logos, business cards, signs, and stationery are also public relations tools.
- Event sponsorship is a public relations tool in which a company pays for all or part of a special event such as a concert, sports competition, festival, or play.
  - a. Sponsoring special events is an effective way for an organization to increase brand recognition and receive media coverage with relatively little investment.
  - b. Public relations personnel sometimes organize events, such as grand openings, to create news about a company.
- Some public relations tools are associated specifically with publicity. Publicity is communication in news story form about an organization, its products, or both. Publicity-based public relations tools include:
  - c. **News release**—a typed page of about 300 words provided by an organization to the media as a form of publicity
  - d. **Feature article**—a piece (of up to 3,000 words) prepared by an organization for inclusion in a particular publication
  - e. **Captioned photograph**—a picture accompanied by a brief explanation
  - f. **Press conference**—a meeting at which invited media personnel hear important news announcements and receive supplementary textual materials and photographs
- The specific types of public relations tools chosen depend on several factors.
  - g. Composition of the target audience
  - h. Response of media personnel
  - i. Significance of the news item

Just go through these articles for better insight on PR.

## Public Relations Articles

### Article #1 – Can PR be Measured?

Measuring the success of a press release is not cut and dry, in the same way a sale is measured by the amount of additional sales are made. Some experts will measure the success of a press release by the amount of outlets that published it, while others take a more holistic view that takes into account the various needs of the editors, the current media environment, and the totality of your PR strategy. We at Alpine Internet Marketing

prefer the later, as a press release can serve multiple needs, including but not limited to, distribution in media outlets.

Some key reasons for submitting a press release include:

- Distribution
- Positioning yourself / business as an expert to the media
- Announcement of future media benefits (ie: syndicate column)
- Announcement of new company launch

Some key measurements for any press release include:

- Amount of distribution / awareness of your release
- Future interviews for relevant stories, radio shows, TV programming
- Future and recurrent placement of syndicated content in multiple publications
- Future press release coverage by company-post launch

We recommend evaluating the effectiveness of your press release, not within the first week, but over the course of 6 to 12 months. And we also recommend multiple releases per year to ensure your name will be in front of the media and to increase your odds of finding the right mix and content and timing - essential in getting placement, syndicated content, or media interviews.

### Article #2 – 12 Laws of Media Relations

How you treat and respond to reporters, editors and analysts can greatly effect how your company is perceived in its market-place. The relationship between “you” and “them” is so important it has its own name (media relations), its own experts (PR pros and firms that specialize in media relations) and its own set of rules. Following are 12 laws of media relations. Follow them, and you’re well on your way to gaining your company the positive visibility you desire. Break them at your own peril.

1. Every reporter is a “key” reporter. Reporters change jobs. I’ve seen local weekly reporters go on to work for publications such as the Wall Street Journal. If you make the mistake of blowing a reporter off because they don’t work for an influential publication, you may pay the price for it down the road.
2. Don’t ignore online publications. Online publications are often looking for news. In addition, many offline publications also have an online presence (Time, Wall Street Journal, Inc., for example). If you pitch a story to an offline version when their online counterpart just published a similar story, you’ll end up with egg on your face.
3. Respect deadlines. Reporters are in a critical, time-sensitive business. Nothing will kill your chances for positive coverage faster than ignoring deadlines or not being responsive enough. If you can’t make their timeline, tell them quickly so they can get what they need elsewhere; or, if it’s information for your company, try very hard to get them someone to speak to who’s been advised on how to speak to the press.
4. Make/show your news to be newsworthy. Just because your company came out with version 2.1.5 of its product doesn’t

mean it's newsworthy. Try to find the "news" in your product or press release and lead with that.

5. Humanize your quotes. If you're giving an interview or writing a press release, think quotable. Don't come off sounding stiff and formal and rehearsed, though. Think in human terms, and try to find an analogy that will be broadly understood.
- 6a. Know the publication and its target audience. It's important to do your research before pitching a story or giving an interview. Read back issues of the publication if you're not a subscriber; find out about its readership demographics. This will tell you the approach the publication will most likely take, and will help you gear your materials appropriately. Be sensitive to the publications that emphasize the different points of view or product differences of you and your competitors.
- 6b. Don't trade one magazine against another. Find a way to get different articles for each magazine — a different angle, a different aspect of the same story. Pit one against the other, and you'll end up losing the goodwill of both.
7. Think long-term. Don't expect reporters to be there for you, printing your company's news at your bidding, then ignore them when you don't have news to push. Return the favor by supplying them with industry reports, new sources and articles pertinent to their area of expertise. Be a resource the media finds credible and helpful and you will greatly aid your company when future opportunities in your industry arise.
8. Share your sources. Give your reporters referrals for background information. Make your clients and customers available. Make your key personnel available. Create an automatic "request and OK" of your clients and customers to be referred for editorial contact. Offer guidance and media training to your clients and customers. At the very least, always provide a "cheat" sheet with pertinent information to them if you will be referring a reporter to them.
9. Know your competition. Know what your competition is saying about themselves, and about you. This will help you frame your answers and prepare your materials to combat any negative perceptions a reporter may have about your company or its products or services. Never say, "there is no competition," to a reporter. Suggest you have researched the competitive area and today cannot find a competitive product, but perhaps some company large or small is working on a similar concept confidentially.
10. Follow up intelligently; don't be a pest. If an interview or press release requires a follow up, by all means, do so. But don't call to find out if your press release has been received, or when news might be forthcoming. This is a major turn-off to reporters and editors alike.
11. Prepare all of your press materials according to the magazine's and reporters' requirements. If in doubt, ask. There's nothing worse than learning, just before press time, that your story was cut or compromised because of incorrectly supplied content.

12. Be ethical. This is true for all your public relations activities, not just media relations. Don't compromise your core values for short-term gains. It's just not worth it in the long run. You will be found out, and you will compromise the reputation you and your company are trying to build. (If you occasionally make a mistake, admit it and apologize for it.)

**By James Buchanan**

### Article #3 – Power of a PR Plan

Because the success of public relations is tied to public opinion, and because public opinion is a malleable, fickle beast, effective public relations must be ongoing and multifaceted. It must attack on many levels and continue to attack — like germ warfare. Another (nicer) way to think of it is the way a bee pollinates a hydrangea bush: it flits here, there, then back again, never stopping, relentless in its duties.

A large organization might need to employ many bees, one for each major division or product line. For most small businesses, one bee will do, and if you're in charge, guess who that bee is? (If the antennae fit...)

To ensure that your public relations activities are focused and effective (and to avoid that terrible buzzing in your head), a system is needed. This system is called the PR campaign and it is detailed in the PR plan.

PR plans come in many shapes and sizes, and vary from brief and informal to "Where's the forklift?" But basically, all PR plans attempt to answer three questions:

1. Where are we now? (Situation Analysis)
2. Where do we want to be? (Goals and Objectives)
3. How do we get there? (Strategies and Tactics)

In addition, all PR plans should contain the budget for the plan, and a method for measuring and documenting the plan's success.

A PR plan may be geared toward improving a company's identity, promoting a product or service, or repositioning a product or service within a market. How detailed a plan your company will need depends on your own situation and objectives.

PR plans provide a way to identify your goals and keep you on track in meeting those goals. It's how all smart bees make honey.

**By Yvonne Buchanan**

**I think the articles were quiet interesting.**

Now lets see the New Adage- Marketing Public RelationsComments by Dr. Demo

Marketing managers and PR specialists do not always talk the same language. Marketing managers are much more bottom-line-oriented, whereas PR practitioners see their job as preparing and disseminating communications; but these differences are disappearing. Many companies are turning to marketing public relations (MPR) to directly support corporate or product promotion and image making. MPR, like financial PR and community PR, serves and special constituency, namely, the marketing department.

The old name for MPR was publicity, which was seen as the task of securing editorial space – as opposed to paid space – in print and broadcast media to promote or “hype” a product, service, idea, place, person, or organization. **However, MPR goes beyond simple publicity and plays an important role in the following tasks:**

- Assisting in the launch of new products:
- Assisting in repositioning a mature product:
- Building interest in a product category:
- Influencing specific target groups:
- Defending products that have encountered public problems:

**What are Major Decisions In Marketing PR?**

In considering when and how to use MPR, management must establish the marketing objectives, choose the PR messages and vehicles, implement the plan carefully, and evaluate the results.

1. **Establishing The Marketing Objectives** MPR can build awareness by placing stories in the media to bring attention to a product, service, person, organization, or idea. It can build credibility by communicating the message in an editorial context. It can help boost sales-force and dealer enthusiasm with stores about a new product before it is launched. It can hold down promotion cost because MPR costs less than direct mail and media advertising.

Some product launches are able to garner publicity without much effort.

Whereas PR practitioners reach their target publics through the mass media, MPR is increasingly borrowing the techniques and technology of direct-response marketing to reach target audience members one on one. **MPR expert Thomas L. Harris offers suggestions for how PR and direct-response marketing can work together to achieve specific marketing objectives:**

- **Build marketplace excitement before media advertising breaks:** The announcement of a new product offers a unique opportunity for obtaining publicity and for dramatizing the product.
- **Build a core consumer base:** Marketers recognize the value of maintaining consumer loyalty, because it cost far less to keep a consumer than to get a new one.
- **Build a one-to-one relationship with consumers:** Marketers can use telephone hot lines, plus the Internet, to build and maintain relationships with individual consumers.
- **Turn satisfied customers into advocates:** Customer databases and profiles can yield satisfied customers who can become role models and spokespeople for the product.
- **Influence the influential:** The influencer may be an authority figure like a teacher, doctor, or pharmacist, but it also can be someone who has a different kind of one-to-one relationship with the consumer, such as a hair stylist or personal trainer.

2. **Choosing Messages And Vehicles** The MPR manager must identify or develop interesting stories to tell about the product.

Event creation is a particularly important skill in publicizing fund-raising drives for nonprofit organizations. Fund-raisers have developed a large repertoire of special events, including anniversary celebrations, art exhibits, auctions, benefit evenings, bingo games, book sales, cake sales, contents, dances, dinners, fairs, fashion shows, parties in unusual places, phonations, rummage sales, tours, and walkathons, For – profit organizations also use events to call attention to products and services.

### 3. Implementing The Plan And Evaluating Results

implementing public relations requires care. A great story is easy to place, but most stories are less than great and might not get past busy editors. One of the chief assets of publicists is their personal relationship with media editors. PR people look at media editors as a market to satisfy so that these editors will continue to use their stories.

MPR's contribution to the bottom line is difficult to measure, because it is used along with other promotional tools. The three most commonly used measures of MPR effectiveness are number of exposures; awareness, comprehension, or attitude change; and contribution to sales and profits.

The easiest measure of MPR effectiveness is the number of exposures carried by the media.

**Now lets see what is “Direct Marketing?”**

Direct marketing makes it possible to offer goods or services or transmit messages to a specific, targeted segment of the population by mail, telephone, email or other direct means. Direct marketing is one of the most effective and measurable methods of marketing available.

The practice of delivering promotional messages directly to potential customers on an individual basis as opposed to through a mass medium.

Lets us now examine as to how Direct Marketing Association defines direct marketing

According to the Direct Marketing Association

Direct Marketing is an interactive system of marketing that uses one or more advertising media to affect a measurable response at any location. The response can be in the form of: an order; an inquiry; a visit to a store or other place of business. Most importantly, it usually results in the creation of a database of respondentSuccess in Direct Marketing Tutorial

10 Steps to Success in Direct Marketing

**by Shelley Lowery**

If you're looking for a lucrative home based business, direct marketing may be just what you've been looking for; Offering you the possibilities of making your dreams come true.

**What is Direct Marketing?**

Direct marketing is offering a product or service directly to the consumer via mail order, Internet sales, personal sales, etc., with no middleman involved. Many direct marketing companies are now being operated right out of the home. Home based business is the wave of the future and can offer you a wonderful opportunity to actually be able to compete with the large, well established companies with large bank accounts. That's



what is so wonderful about the Internet. You don't have to have a large bank account to succeed. You just have to have a little "know how."

#### \* 10 Steps to Insure your success

##### 1. Set your Goals

What do you want to accomplish? Do you want a new home? Do you want to save for your children's college education? A new car? You can have whatever you want, but you must want it enough to do the things that have to be done in order to get it. Set your goals, write them down and set a target date for reaching them. Set short term reachable goals and long term higher goals, yet don't set them too high. This will cause you to become discouraged if you don't achieve them. Work consistently towards accomplishing your goals each day, each week and each month until you reach your short term goals. When you have attained your short term goals, set them a little higher each time. Ultimately you will achieve your long term goals. Goal-setting is a must in every area of life.

##### 2. Be Self Disciplined

Get up early each day. Get ready for your job as if you were working outside your home. Have a list of all the things you want to accomplish during the day. This will give you an organized approach to each day. It's amazing how much you can get done using a "To Do" list.

##### 3. Be Self Motivated

Set up a schedule and stick to it. Be Enthusiastic. Enthusiasm generates its own energy. Energy and good health are synonymous with motivated, happy people. Achievers.

##### 4. Be Enthusiastic

Positive thinking will literally be your key to success. You have to convince yourself that you can succeed at whatever you desire, because you can.

##### 5. Do not Allow yourself to become Discouraged

Remember... The more "NO's" you get, the closer to a "YES" you become.

##### 6. Schedule your Time Wisely

A schedule is your roadmap to success. If you have no direction, you'll travel in circles and ultimately never reach your goals. Plan your work then work your plan.

##### 7. Have a Positive Attitude

Success is 90 percent attitude and 10 percent aptitude. Learn the art of positive thinking. You can do whatever you put your mind to. It's mind over matter. Your attitude will either guarantee your success or guarantee your failure. You're only a failure if you give up.

##### 8. Set Up an Office Area

Most direct marketers work from their own homes, but it is still essential to set up a specified work area. Take pride in your business to insure your success.

##### 9. Handle Your Money Wisely

Set up a written budget. Set aside a percentage of your business income to put back into your business. This is a

must. Failure to reinvest your money will result in the failure of your business.

#### 10. Take Care of Yourself

Get plenty of sleep, eat right and take some time to stop and smell the roses... Be Persistent... Persistence Pays Off... Don't Give Up... Most Businesses fail Just At The Moment They Are About To Succeed...

Sales is one of the highest paid of all professions. "Give a man a fish and he'll eat for a day. Teach a man to fish and he'll eat for a lifetime."

#### About the Author

Shelley Lowery is the Webmistress of Web Source - Your Guide to Professional Website Design and Development. Join The Syndicator, our new, free article syndication program and display complete articles w/photographs on your website that are automatically updated each week. <http://www.web-source.net>

### End of Success in Direct Marketing Tutorial Article

#### Elements of Direct Marketing

- **Creative:** The creative element of the campaign is the advertising.
  - Requires consistent focused message, attention -getting without being distracting, etc.
  - While the advertising should fit in with existing branding and marketing campaigns, the focus should be on the call to action rather than just brand building or name recognition.
- **Media:** The media element is the time slots where the ad will run.
- **Fulfillment:** Quite simply, if potential customers are given a call to action, the company must be prepared to receive that action.
  - Typically, this means staffing a telephone call center with operators to either take orders or record contact information.

#### Benefits and Growth of Direct Marketing

Let us go through the various benefits of the direct marketing, which ultimately leads to the growth of the direct marketing.

- **Sales produced** through traditional direct-marketing channels have been growing rapidly. These sales include sales to consumers, business-to-business sales. **The extraordinary growth of direct marketing is the result of factors like:-**
  - Market "demassification" resulting in an ever-increasing number of market niches with distinct preferences.
  - Higher cost of driving, traffic and parking headache, lack of time, a shortage of retail sales help, and queues at checkout counters all encourage at-home shopping, as do 24-hour toll free telephone order hotlines and websites.
- Electronic communication is showing explosive growth, with internet traffic doubling every 100 days. Millions of web sites are already open for business, with more coming on-line everyday.

- For buyers, direct marketing is convenient, easy to use, and private. From the comfort of their homes or offices; they can browse mail catalogs or company Web sites at any time of the day or night. Direct marketing gives buyers ready access to wealth of products and information, at home and around and the globe.
- Finally, direct marketing is immediate and interactive-buyers can interact with sellers by phone or on the seller's Web site to create exactly the configuration of information, products or services they desire, they order them on the spot.
- For sellers, direct marketing is a powerful tool for **building customer relationships**. Using database marketing, today's marketers can target small groups or individual's consumers, tailor offers to individual needs, and promote these offers through personalized communications.
- Direct marketing can also be timed to reach prospects at just the right moment. Because of its one-to-one, interactive nature, the internet is an especially potent direct-marketing tool.

Globalization to markets and the internet have also further facilitated the growth of direct marketing. Today a firm need not have operations in all its markets but can still cater to the world demand. Dell computers and Amazon are two leading examples successful of successful direct marketing around the world

Lets move on to Direct Marketing Objectives:

- **Generating Qualified Responses**
  - Potential customers either call, mail a response card, visit a store in person or register at a Website.
  - Prepared staff can collect contact information and get more data about that person's particular needs.
  - This information can either be used to mail an information packet, or salespeople can follow-up directly.
- **Converting Prospects**
  - Rather than just collecting data for follow-up, staff can take orders.
  - Generally, this objective works better for more intuitive products and services.
- **Building Customer Relationships:**
  - Direct response campaigns can be used for existing customers as well.
- **Developing a Customer Database**
  - When transferring data from an old system to the new one, there may be gaps in the data about certain customers such as a lack of e-mail addresses.
  - The direct response campaign would encourage those customers to call in and update their account information, perhaps in exchange for a premium

#### Forms of Direct Marketing

The major forms of direct marketing: -

- i. Face-to-face selling.
- ii. Telephone marketing.
- iii. Direct-mail marketing.

iv. Catalog marketing.

v. Kiosk marketing

**Face-to-face Selling:** The original and oldest form of direct marketing is the field sales call. Today most industrial companies rely heavily on a professional sales force to locate prospects, develop them into customers, and grow the business; they hire manufacturer's representative and agents to carry out the direct-selling task.

**Telephone marketing:** Telephone marketing using the telephone to sell directly to consumers-has becomes the major direct-marketing communication tool. Marketers use outbound telephone marketing to sell directly to consumers and business. Inbound toll-free numbers are used to receive orders from television and print ads, direct mail, or catalogs.

#### Telemarketing

- **Inbound:** offer toll-free number for customers to call in orders or request assistance.
  - More expensive for marketer, but orders larger
  - Order can be increased over the phone
  - Credit orders — 30-35% larger than cash orders
  - Add-on sales and problem resolution
- **Outbound:** more local or for special occasions
  - Magazine subscription renewals
  - Soliciting contributions
  - Sell excess inventory

**Direct-Mail Marketing:** Direct-mail marketing involves sending an offer, announcement, reminder, or other item to a person at a particular address. Using highly selective mailing list, direct marketers send out millions of mail pieces each year-letters, ads, brochures, samples, video-and audiotapes, CDs. Direct mail is well suited to direct, one-to-one communication. It permits high target-market selectivity, can be personalized, is flexible, and allows easy measurement of results. Although the cost per thousand people reached is higher than with mass medial such television or magazines, the people who are reached are much better prospects.

Three form of mail delivery have become popular:

- **Fax mail:** Marketers now routinely send fax mail announcing special offers, sales, and other events to prospects and customers with fax machine. Fax mail messages can be sent and received almost instantaneously.
- **E-mail:** Many marketers now send sales announcements, offers, product information and other messages to e-mail addresses- sometimes to a few individuals, sometimes to large groups.
- **Voice mail:** Some marketers have set automated programs that exclusively target voice-mail mailboxes and answering machines with prerecorded messages.

**Catalog marketing:** In catalog marketing companies may send full-line merchandise catalogs, specialty consumer catalogs, and business catalogs, in print form but also sometimes as CD's, video, or online. The success of catalog business depends on the company's ability to manage its customer lists carefully so

that there is little duplication or bad debts, to control its inventory carefully, to offer quality merchandise so that returns are low, and to project a distinctive image. Some companies distinguish their catalogs by adding literary or information features, operating a special hot line to answer questions, sending gifts to their best customers, and donating a percentage of the profits to good causes.

Catalogs Have longer life than other direct mail pieces, orders typically received over a 6-month period, Filed for future reference,"LIFO" principle — timing of mailing critical, Graphics do the selling job, "A Store in Print",

Amway isn't just a cosmetic job: Van Andel

**Prasenjit Bhattacharya**

Times News Network [Tuesday, April 29, 2003 05:46:40 AM ]

**New Delhi:** Direct marketing is often looked at with scepticism by the world at large. Pyramid schemes and fly-by-night operators peddling get-rich-quick schemes are what first springs to mind about direct marketing companies.

And in recent months, we have seen examples of unethical direct marketing companies in India, fleecing gullible people who join their lucrative schemes to make a fast buck.

No wonder, the chairman of the world's largest direct marketing company, Amway, Steve van Andel is at pains to point out how Amway is very different from the direct marketing scams India is witnessing.

In a recent visit to India, Amway's parent company, Alticor's chairman Steve van Andel told ET, "There is often confusion that the various direct marketing outfits, selling all kinds of pyramid schemes are like us. They are not.

Amway is a company that first and foremost sells great products. We are not in the business of making a fast buck by just recruiting people, as happens in chain marketing."

Mr van Andel says that unethical direct marketing is a common phenomenon in a number of countries Amway has operated in. "And over time, governments there create legislation to curb such unethical marketing companies." In India, the Indian Direct Selling Association (IDSA) is pushing the government for a Bill to write the dos and don'ts of direct selling in the country.

But the big question that is often asked about direct marketing companies, be it Amway or any other, is what percentage of people who join the schemes of these companies become really successful. Is it too miniscule a percentage? Says Mr van Andel, "Success is relative to the goals people set for themselves. It also depends on whether you are a full-time or part-time Amway independent business owner."

Mr van Andel says that for any direct marketing venture to be called ethical, it must have some key attributes. "The company must have a bona fide product, the company must offer a 3-month money back guarantee on the business kit it sells to its independent business owners and the company should not be just into recruiting people and earning commission, but ultimately sell products to end consumers."

So, does Amway feel in any way responsible for the by-product of a spate of fly-by-night direct marketing companies, which

have subverted the Amway model, for making a quick buck. Mr van Andel says that his father created Amway to offer an opportunity for people to start their own business with a low investment. "That business goal is still there."

Amway is currently a part of a larger conglomerate that includes Quixtar and Access Business Group, all of which are under the Alticor banner. Steve van Andel is the chairman of Alticor.

In India, Amway's direct marketing of its range of FMCG products through its independent business owners and has a turnover of Rs 625 crore.

**Lets concentrate on Sponsorship**

Sponsorship of the arts or sporting events is an increasingly popular way of generating positive feelings about firms.

Sponsorship has been defined as: **An investment, in cash or kind, in an activity in return for access to the exploitable commercial potential associated with this activity' (Meenaghan, 1991).**

Sponsorship in the UK grew from £4 million in 1970 (Buckley, 1980) to £35 million by 1980 (Mintel, 1990) and £400 million by 1993 (Mintel, 1993). Much of this increase in expenditure has come about because tobacco firms are severely restricted in what they are allowed to advertise and where they are allowed to advertise it; thus sponsorship of Formula One racing, horse racing and cricket matches by tobacco firms has become commonplace. Companies sponsor for a Variety of different reasons, as Table Reasons for sponsorship shows (Zafer Erdogan and Kitchen, 1998).

Reasons for sponsorship		
Objectives	0/0 Agreement	Rank
Press coverage/exposure/opportunity	84.6	
N coverage/exposure/opportunity	78.5	2
Promote brand awareness	78.4	3
Promote corporate image	77.0	4
Radio coverage/exposure/opportunity	72.3	5
Increase sales	63.1	6
Enhance community relations	55.4	7
Entertain clients	43.1	8
Benefit employees	36.9	9
Match competition	30.8	10
Fad/fashion	26.2	11

Sponsorship attempts to link beliefs about the sponsoring organisation or brand with an event or organisation that is highly valued by target consumers (Zafer Erdogan and Kitchen, 1998).

**Sponsorship is not adequate as a stand-alone policy.**

Although firms can run perfectly adequate PR campaigns without advertising, sponsorship will not work effectively unless the sponsoring firm is prepared and able to publicize the link. **Some researchers estimate that two to three times the cost of sponsorship needs to be spent on advertising if the exercise is to be effective (Heffler, 1994).** In most cases, it is necessary to spell out the reasons for the firm's sponsorship of

the event in order to make the link clear to the audience; merely saying 'official snack of the Triathlon' is insufficient. Since the audience is usually interested in anything about the event, it is quite possible to go into a brief explanation of the reasoning behind the sponsorship; for example, to say: Our snack gives energy - and that's what every athlete needs more than anything. That's why we sponsor the Triathlon.

The evidence is that consumers do feel at least some gratitude towards the sponsors of their favorite events. Whether this is gratitude per se or whether it is affective linking is hard to say, and the answer to that question may not be of much practical importance in any case (Crimmins and Horn, 1996). There are certainly spin-offs for the internal PR of the firm; most employees like to feel that they are working for a caring organisation, and sponsorship money also (on occasion) leads to free tickets or price reductions for staff of the sponsoring organisation.

Sponsorship appears to work best when there is some existing link between the sponsoring company and the event itself. In other words, a company, which manufactures fishing equipment, would be more successful in sponsoring a fishing competition than it would in sponsoring a painting competition. More subtly, a bank would be better off sponsoring a middle-class, 'respectable' arts event such as an opera rather than an open-air rock concert.

The following criteria apply when considering sponsorship (Heffler, 1994):

- The sponsorship must be economically viable; it should be cost-effective, in other words.
- The event or organisation being sponsored should be consistent with the brand image and overall marketing communications plans.
- It should offer a strong possibility of reaching the desired target audience.
- Care should be taken if the event has been sponsored before; the audience may confuse the sponsors and you may be benefiting the earlier sponsor.

Occasionally a competitor will try to divert the audience's attention to itself by implying that it is sponsoring the event; this is called ambushing (Bayless, 1988). For example, during the 1998 soccer World Cup it was common for firms to use World Cup events in their advertising or sales promotions without actually sponsoring anything to do with the event itself.

I think Sponsorship is quite clear to you now let's see what is packaging all about.

Is packaging a component of advertising? Or is it really a component of a product?

These are the questions that are most commonly asked. The answer to both the questions is "yes."

We already know that packaging is an integral component of a product; but the package also plays an important role in its saleability. It, therefore, becomes partly a component of promotional advertising.

Packaging is no longer a mere outer covering for the protection of the product; it is very much a contributing factor to its increasing marketability. Ads after ads feature a beautiful package; and the product image in the minds of consumers is, to a good extent, due to attractive packaging. In the case of the similar products, the brand difference is only due to differences in packaging.

Good packaging covers an idea of the quality of the product; it has a value, which is distinct from the value of the product. Attractive packaging is an effective Point of Purchase (POP), and stimulates gift sales.

As the old adage goes, "Clothes make the man." So, also, does the package make the product? Products are often judged by their packages - particularly for impulse product. Perfume is a good example of this. There is a close interrelationship between the advertising and packaging components of the marketing mix. Several advertisements feature the product in its package.

Though packaging is primarily a means of protection during transportation and storage, our interest in it is primarily for its use as a marketing and promotion tool. Advertising people are involved because, in addition to being a protective device, packaging is featured as a campaign theme.

The package is a vehicle for carrying the manufacturer's name, the brand name, the trademark, apart from the information it provides about the ingredients and direct advantages of product use. Packaging identifies products, their quantity, constituents, shelf life, mode of use and nutritional or use value. Packaging serves as a significant source of information.

The other marketing significance of packaging is that it helps in achieving product **differentiation**. Packaging is designed for convenience in the use of the product, and may be used to differentiate a brand from the brands of its competitors; further, packages are designed to have a re-use value. Good packaging will gain for a product more shelf space than for a product with unattractive packaging, and will result in its extensive exposure to the customers visiting retail stores. This will improve the sales of the product.

A beautiful packaging is an advertisement at the point of sales. A package is made visually attractive. In short, packaging is an important advertising medium, carrying varying messages from the marketer to the consumer. In view of the advertising and promotional significance of packaging, professionals in this field should have a profound understanding of packaging so as to make it an effective marketing and sales tool.

Packaging as a function has two separate dimensions - the physical aspects related to the science and technology and the behavioural aspect related to the art of product design associated with buyer behaviour and motivational research. It enhances the value of the contents and passes on the impression to the consumer directly or subtly.

In case of consumer products, package serves as a silent salesman. It performs self-selling tasks. It should attract attention, and tell the product story. It should build the confidence and give a clean and healthy look. It should be convenient in handling and usage, as well as in storage design, and in conveying the total product image. Packaging has



donned the cloak of convenience. Single dose pack, ready to eat foods, easy open and dispensing features are important in selling product.

### Marketing Purposes or Functions of Packaging

We study the problem of packaging here as a marketing tool rather than as a protective device. Packaging as a marketing tool serves the following purposes –

- 1. Means of Identification** – The package serve as a vehicle for the product identification. The customer usually identifies the product by its packages, which carries the name of manufacturer, trademark and the brand name. In some cases, it provides information about ingredients and instructions how to use the product. These messages are valuable for sound marketing as the customer comes to know everything about the product inside the packaging and the producer that help him in identifying the product.
- 2. Product Differentiation** - Package provides product differentiation. On account of this, consumers gain. Conveniences in products. They can easily differentiate the product from that of the rivals by seeing the colour, size and the form of the package. Package superiority over others in such areas of convenience as ease in opening, ease in pouring, storability, are the additional sales generators and differentiate one brand from the competitor's brands. Packaging designed for convenience in use, such as 'boil in bag' coffee is probably the most important category of package. Consumer packaging such as unbreakable shampoo bottles, vacuum seal plastic lids, in a parade of innovations. Packages having display ability or reuse value are given preference by the consumers. Sometimes they are designed or presented as a gift item.
- 3. Competition for shelf space** - Another marketing dimensions of packaging is to be found in connection with the intense competition for space on the retailer's shelf. The package should be visible on the retailer's shelf to achieve the first sale. The retailer must be encouraged to place the product into stock. This display ability on the shelf is important in retailing on the self-service principle. If the product is designed to give the retailer an advantage in stocking the item – in addition to the usual promotional support – the retailer is more inclined to make a decision favorable to the manufacturer.
- 4. Advertising at the point of sale** - Packaging may be used as a part of advertising programme. It is a form of advertising at the point of sale. Retailers profits will be higher only when stock turns over speedily. Therefore, they favour packaging that stimulates the rate of sale. In addition to brand familiarity and shelf space position of the product, the attractiveness of the package may influence the sale, widely in self-service stores. Packages with eye-appeal may attract the purchasers. For this reason, considerable research and experimentation go on in package design. Such dimension as colour, shape and size of the package are examine from time to time for impact on consumers. The package enhances the ability of the product to convey status to its possessor. Recognizing this fact, many firms undertakes market research and periodic reviews for keeping the package updating,

keeping in view the consumer acceptance and make the necessary changes in design, size and colour etc. over a period of years. Thus packaging serves as an advertising agent.

These are the marketing objectives or functions of packaging which should be horn in mind by a manufacturers in order to enhance the sale of his product.

### Perfume Packages

Containers of perfumes are as important as the contents. They not only sell scent but also status. Perfume packages evoke imagery. Tocade from the house of Rochas, Paris is packed in a bottle, which follows the curves of a woman's body, with an amusing hat as the stopper. Jean Poul Gaultier's signature line in the tin case reminds us of a woman in Madonna corset. L' Air du Temps and the dove flying off the flacon are conjured together.

### Additional Reading

#### Packaging Scene in India

The progress made by Indian packaging industry recently is commendable. Still, this 10 thousand plus crore industry has to go a long way when compared to its counterparts in other countries. The middle class is the main consumer for packaging products. The average consumption of plastics in India per person is one KG whereas in the Western countries it is 14 KG. Per capita consumption of paper is around 5 KG where as it is almost 50 KG all over the world. The packaging industry in India is mostly the small scale sector. These units convert the basic materials into finished and semi-finished packaging forms. Medium and large unit, however, contribute over 60 per cent of the value of the packaging materials produced. Still the scale is not very large by world standards. Ever since the liberalization, the industry is chining rapidly. Many items required here are now under Open General License (OGL). Duties have been reduced progressively. Machinery for this industry can come in India at zero duty if six items the value of this machinery is exported in a specified time-frame. Excise or domestic packaging materials has been reduced.

India being an agricultural economy, packaging will play a greater role in food related sector. Processed food sector will be a main buyer of packaging materials. Transportation of milk, food grains and commodities like tea, coffee, edible oil over large distances, and under varying climatic conditions is a big challenge to the packaging industry. Fruits and vegetable are perishable and do require protective. Packaging like Modified Atmospheric Packaging ( MAP) and Controlled Atomspheric Packaging (CAP). Cold storage facilities are required more and more.

Pharmaceutical packaging is a very promising area. Consumer durables with high value products also require a scientific packaging approach. Even a small dent on a durable may result in its rejection Industrial products also require packaging. Packaging should be a value added function. Packaging can provide support to Indian exporters.

In packaging raw materials, we producer plastics such as low density polyethylene, high density polyethylene, polypropylene, polyester and other polymers. We also use glass, metals cans, aluminums foil. Several projects to make basic packaging

materials have been launched. We also require a vibrant packaging machinery sector. Our packages machines should also provide sophistication, precision and speed. Filling and sealing, and measuring machines should also provide sophistication, precision and speed. Ancillary industry of adhesives, ink and coating must also develop. In these times of globalisation, our packaging standards must be raised to international levels.

### Packaging Trends

Packaging cannot be considered in isolation. It has become a part of the core product. Packaging can convey the message of a good quality product to the end users. The cost of packaging material could be as high as 50 p.c. of the total product cost, e.g., Kellogg's Cereals. Packaging has emerged as important component in respect of food products, cosmetics and liquors. Packaging can make the brand stand out from the rest. In some industries, packaging is the cost – the rest is just water (mineral water). Packaging – led success of Frooti proves its importance. Packaging protects the customer from adulteration, pilferage, short weighting. Packaging innovations can change the way the product is consumed and sold. Imagine the pre-Frooti days when a consumer taking soft drinks was tied to a counter for returning the empty bottle. Pepsi's pet bottles converted the outdoor consumption to indoor consumption. Satchel shampoos have allowed the women who could not afford an entire bottle to enter the branded shampoo market, HLL made available Close Up paste in Satchets a few years back. It has now added a nozzle at one end of this tube available at a much lower price. This satchet is enclosed in a plastic cover. Intra-venous fluids cannot be innovated further. There is no scope, except in methods of packaging them. When core product's superiority is difficult to establish, packaging takes care of the brand. Lakmi's packaging shows that it is a company offering products for women, by contouring their bottles after the shoulder curve of women and giving them muted colours. Packaging innovations are, however, short-lived. It is thus necessary to innovate further and the cycle goes on, e.g., soft-squeeze tubes of toothpastes. Some packages are reusable as storage containers thus adding value to the product. Packaging system is related to the distribution system, e.g., tetra pack of Dhara of rectangular shape is found convenient by trade though for the consumer it is not so convenient. The Frootis, the Dharas and the Pan Parags are prominent successes of packaging innovation. But it does not work always. Carton packaged electric bulbs are inconvenient for trade since it is easier to test a sleeve-packaged bulb on the board. A slight change in packaging can create problems of brand acceptance, e.g., colour of a Charminar pack. International packs of MNCs may not be accepted here, e.g., Le Sancy soap in individual packaging stored in jars. Now Le Sancy sells in unit packaging. Imagine the way the glue was packed formerly. It was a glass bottle with a rubber nipple, which required cutting with a blade for the glue to flow out. Even then, the flow was not smooth. There were possibilities of the fingers getting injured while cutting the nipple. It took many years. Before the package design was changed. The glue is now available in convenient plastic tubes. Though these cost more than the glass bottle, the tubes have replaced the glass

bottles because, 'the blade and the blood'. As S.K. Palekar puts it cogently, were not just worth it.

### Finally let's see Merchandising

Merchandising is concerned with the way products are displayed at the retail outlet. The criteria used by retailers are as follows:

- Efficient use of floor space.
- Visibility for consumers.
- Traffic flows around the shop.
- Availability of display materials and stands from the manufacturers.

Merchandising is a way of promoting products at the point of sale. Research indicates that around three-quarters of all purchasing decisions are made inside the shop, rather than before leaving home to make the purchase. Given the emphasis that many people place on 'shopping around' and 'browsing', this is hardly surprising. The retailer is providing a service to customers and is therefore operating with a unique marketing mix that may be different from that of the manufacturers whose goods are on the shelves.

Layout of the floor involves several trade-offs, as shown in Table of **Floor layout dichotomies**

### Floor Layout Dichotomies

Display of a wide range of products	Keeping aisles broad and minimizing clutter
Making it easy for customers to find favorite products quickly	Ensuring that new products receive prominence
Giving prominence to profitable items	Having enough regularly purchased cheap items (also called known-value items) to ensure suitable customer flows

There are a large number of merchandising tools and point-of-purchase materials. The list below is not intended to be exhaustive:

- **Stickers.** These can be placed near the display shelf or near other (preferably linked) products to direct the customer to the product being promoted.
- **Window displays.** Many stores have windows that are entirely devoted to displays of posters and goods; this was at one time the main way of displaying goods to attract the attention of passers by. In recent years the trend has been to minimise window displays, since they were often seen as a psychological barrier to entering the shop. In any case, the Shop's full range of goods could not be displayed.
- **Dump bins.** Piling merchandise into a cardboard or netting bin gives the impression that it is exceptionally cheap and also encourages customers to pick up the products. It overcomes the (admittedly slight) psychological barrier of disturbing a shelf display. Obviously the merchandise needs to be fairly robust to avoid damage to the goods.
- **Posters, cut-outs and showcards.** Posters are often used in windows and cards can be suspended from the ceiling in-store, which saves some floor space. Cut-outs (for example

of the model who appears in the product's advertising) can be very striking, particularly if a life-size cut-out of a person is used; unfortunately, they tend to take up a lot of floor space.

- **Shelf space and colour blocking.** Supermarket customers scan the shelves at an average rate of four feet per second, so a product needs to have a reasonable minimum amount of shelf space if it is to be noticed. One way around this is to colour-block a section of shelf by putting products with similar-coloured packs all together. Some manufacturers design the packs so that they form an eye-catching pattern when seen as a block on the supermarket shelf.
- **Branded display units.** Manufacturers supply display units for their products; typical examples are cosmetic companies, photographic film companies and battery manufacturers. In many cases the manufacturer's salesforce take responsibility for stocking and maintaining the stands, and in a few cases the stand and the goods remain the property of the manufacturer, with the retailer taking a share of the profit in exchange for giving up the space and taking the money from the customers. This is known as rack jobbing.
- **Shelf positioning.** Premium locations tend to be near (but not too near) the entrance doors and (for impulse purchases) near the checkouts. Other locations within a store become apparent by monitoring the movements of customers, which is sometimes done by using security cameras and recorders to track movements at different times of day.
- **In-store sampling.** This perhaps belongs more in the realm of sales promotion. Sampling involves stationing a member of staff with small samples of the product for people to try. For example, a supermarket might offer tasting of a new cheese spread. The customer feels a social obligation to compliment the product, which leads to a tendency to buy a pack of it. In-store sampling is expensive to run because of the cost of dedicating a member of staff to it, but it usually leads to a very high rate of first-time purchase.
- **Three-dimensional methods.** These ranges from injection-moulded, three-dimensional plastic characters (often used to promote newly released videos to hologram images, which can be projected to give a ghostly 3-D image suspended in the air. Some very ingenious cardboard engineering is sometimes used to make 3-D displays that can be flat packed for assembly site.
- **Video walls, spotlighting and fibreoptics** can all be used to attract attention to the product.
- **Interactive systems.** These are often used in DIY stores to demonstrate the use of a product. The customer can ask questions by using a keyboard to access expert advice on which products to buy for the particular job on hand.
- **In-store public address.** Again, this is commonly used in large DIY outlets as well as supermarkets. The retailer uses the public-address system to broadcast 'advertisements' for special offers or in-store demonstrations. In some cases these 'advertisements' are fairly sophisticated, with music or jingles, and may be pre-recorded and produced in the same way as radio advertisements.

Point-of-purchase materials have been credited with as much as 29 per cent of the business done in some commodities (POPAL, 1990).

The retail store's external image is also important in attracting customers to enter the store. Apart from telling the customer what kind of store it is (often very subtle cues are used to decide whether the store is 'posh' or 'cheap and cheerful'), the customer can also sense whether the store appears friendly and easy to enter without obligation, or whether there is a psychological barrier to entry. Some psychological barriers are steps leading in, solid-looking doors, blanked-out windows, poor interior lighting and dark colours. Many supermarkets have made their doors virtually disappear for this reason.

### Merchandising and the Salesforce

Because of the limited shelf space available for products, and also because supermarkets usually group similar products together, One of the main issues for manufacturers' salespeople is to ensure adequate shelf space for their products. This is frequently a negotiating issue and can be easily as important as order quantities and price; if the product is moving off the shelves, the store will re-order anyway and will also be less fussy about negotiating the price. Negotiating greater shelf space is also likely to be more successful than trying to negotiate for a big point-of purchase display; many retailers are concerned with maximizing their profit per square foot and are often doubtful about giving up space for large display units.

In many cases, the salesforce take responsibility for the merchandising of the goods. This can take the form of checking the supermarket shelves to ensure that goods are displayed in the right amounts and in the right places, it can involve monitoring and replenishing stock on display stands (on either a sale-or-return or rack jobbing basis) or it can mean assembling and filling point-of-purchase materials and display stands.

Retailers are usually happy for the supplier's salespeople to carry out these functions because it frees up retailers' staff for other tasks and also ensures that the goods are displayed in the most effective manner (since it is clearly in the supplier's interests to do so). The salespeople are happy to merchandise the goods because it gives them the opportunity not only to maximise sales to the consumer but also to ensure the product's prominence compared with competing brands. Since many retailers will only be carrying the two leading brands in a given product category, filling the rest of the shelf space with their own brands, this can be an important issue.

### Semiotics and Merchandising

A study carried out for the Mammouth chain of hypermarkets in France identified four sets of values, which consumers associate with hypermarkets (DeChernatony and McDonald, 1998). These were as shown in **Table Values associated with hypermarkets**

## Values Associated with Hypermarkets

Value	Explanation	Associations
Convenience	Concern about finding products quickly, having known-value items always in stock and always on the same shelves	Convenience values were associated with interchanges and avenues
Critical	Concern about the quality of the products and value for money (not necessarily cheapness)	Critical values were associated with roundabouts and orientation maps
Utopian	Concern about the store layout being on a human scale, not seeming too overwhelming	Utopian values related to markets and public gardens
Diversiory	Concern about the capacity for browsing or shopping for pleasure once the practical aspects have been covered	Diversiory values were associated with covered arcades and street markets

Those consumers who were concerned with convenience and critical values wanted simple, continuous space. Consumers with utopian and diversiory values preferred complex, discontinuous space. The Mammouth store designers were eventually able to come up with a design that contained areas of the store designed around each of these groups of consumers, and that allowed each group a separate entrance to the store, giving direct access to their preferred space. The store design needed to be adapted somewhat to allow for operational issues such as refilling the shelves and safety issues, but focus groups were able to give considerable help on this.

Obviously, the store designers did not compel customers to use a particular entrance to the store, but after a few visits most customers gravitated to the appropriate entrance because they found that the store layout met their needs most effectively when approached from a particular direction.

Merchandising has moved on considerably in the past 10 years. Department-store layouts from the 1940s and 1950s were intended to encourage customers to 'shop the store' by forcing them to walk past enticing displays in order to find the most regularly purchased items. This policy eventually proved counterproductive, since customers who were in a hurry simply shopped elsewhere. As with any other aspect of marketing, a failure to meet the customer's needs will eventually lead to a decline in business.

Notes



## LESSON 30: CASE STUDY

# The Adelaide Grand Prix

The Adelaide Formula One Grand Prix is one of the premier sporting events in the southern hemisphere. Televised worldwide, the event attracts sponsorship from overseas companies as well as Australian ones; the 1994 event was sponsored by no less than 25 organisations, each sponsoring different activities.

The race itself was sponsored by the South Australian Government, in the interest of keeping the event running after the withdrawal of sponsorship from Fosters the previous year. Clearly, for South Australia the Grand Prix is a prestigious event, bringing tourism to Adelaide and publicizing the city worldwide. Multinationals such as Cadbury – Schweppens F (which sponsored the after – event concerts) and Yamaha (which sponsored the Super Kart. Trophy) joined with Australian firms such as Streets Ice Cream and Qantas.

Audience research revealed that the sponsors fitted into three categories: those who were remembered by less than 34 per cent of the audience, those who were remembered by 34 to 70 per cent of the audience, and those who were remembered by more than 70 per cent of the audience as being sponsors of the event (Quester, 1997). The lowest group was made up of sponsor – suppliers such as Balfours Pastries and Dairy Vale, whose presence at the event was largely to sell pies and other refreshments. These firms carried out no other supporting advertising during the event, and recognition level after the event was no higher than that before.

In the middle group, the firms were either those whose signage was high at the event, or those which carried out moderate advertising support during the event. On the whole, these firms only experience and moderate rise in recognition, except for Street's Ice Cream which experience a very high rise in its recognition level during the event which decayed quickly afterwards. EDS, Santos and Qantas were in this middle group, but barely improved their recognition level, perhaps due to a lack of support advertising. These companies are, of course, already well known as sponsors of events.

The companies in the top recognition level had all spent considerable effort on publicizing their involvement beforehand, either with extensive advertising of (in the case of the South Australian Government performed less well during the event, but retained high recognition levels afterwards.

Shell and Fosters both gained well, particularly Fosters, which appeared to maintain its gain in recognition. Part of this may have been due to the widespread availability of the beer at the event, and part of it may have been due to the company's involvement over the previous 10 years; many people assumed that Fosters was still the main sponsor.

Of course, awareness is not the only issue; sponsors need to know that their efforts have achieved the right and of aware-

ness, since the aim of the exercise is to establish a positive image. Whatever the outcomes, the future of sponsorship of the Adelaide Grand Prix is assured.

## Case Study Questions

1. How might Street's Ice Cream have maintained its recognition level?
2. What should Fosters do about sponsoring future Grand Prix?
3. How might the South Australia Government capitalize on its position?
4. If advertising is the key difference between the recognition levels that the firms experienced, why bother with the sponsorship?
5. How might the organizers of the Grand Prix encourage more sponsorship?

## Notes

[illegible]

## LESSON 31:

AN OVERVIEW OF THE ROLE AND USES OF CORPORATE  
IDENTITY, EXHIBITIONS, WORD OF-MOUTH, PERSONAL  
SELLING, MISCELLANEOUS AND NEW MEDIA

### Objective

Students by the end of this session you will be able to answer questions related to corporate identity, exhibitions, WOM, personal selling along with their roles.



Lets first try and understand what is Corporate Identity

### Corporate Identity

Corporate identity is the outward manifestation of the organization, a visual means of identification. It includes the corporate logo (the symbol that the organization uses on all its points of public contact), but it also includes the house style use on its letterheads and corporate publications, interior and exterior design of buildings, staff uniforms and vehicle livery, and packaging and products.

**The recognition level of a corporate identity can be very high. McDonald's golden arches, Shell Oil's scallop shell logo, the white swirl on the Coca-Cola can and the Mickey Mouse ears of the Disney Corporation are all recognized worldwide.** These images transcend language and give an immediate impression of the companies concerned.

Logos should be distinctive, easily recognizable, memorable and reducible in size so that they can be used on anything from a supertanker to a business card. This means that designing a logo can take a considerable amount of time and, once adopted, is difficult to change. For this reason, companies tend to make changes gradually; **the Shell logo is updated approximately every 12 years, but the changes are usually subtle enough that the company's publics are unaware of, the differences.**

The remaining elements of the corporate identity should be consistent throughout the organization, but there are exceptions.

**For example, HJ Heinz uses red packaging for its soups, but turquoise packaging for its baked beans. Although the shield and '57 Varieties' logo remain unchanged, the colour change enables consumers to identify the different products within the range. Maintaining a consistent approach**

**avoids giving mixed messages to recipients and helps to avoid ambiguity.**

### Next is Corporate Image

Corporate image advertising can be considered as an extension of PR. In a sense, it falls somewhere between true advertising and public relations; instead of advertising specific brands or a product, the advertising promotes the firm's image. Such advertising only mentions products in passing the main thrust of the advertising is not to sell goods directly, but to encourage a positive view of the firm, which is the main function of public relations.

Expenditure on corporate advertising tends to be low because the results are intangible (and seldom directly related to market share) and this makes it difficult to justify to senior management.

**However, corporate advertising can achieve important objectives, as follows:**

- To ensure that the company's activities are properly understood by its publics.
- To derive the behavioural benefits that greater knowledge and understanding can give.
- To shape the behaviour of staff, customers and other publics.
- To ensure that the company's view is communicated without the filtering (an occasionally mutating) effect of putting a press release through the editorial process.

The techniques that are used will depend on which of the firm's publics is being addressed and what the objective of the exercise is. BOC Group increased its stock market valuation by several million pounds by advertising to an audience of fewer than 50 chemical industry analysts in the City of London (Maitland, 1983); conversely, British Telecom (BT) ran a corporate image campaign on TV, billboards and in the press that cost £16 million and was intended (among other things) to improve the nation's perception of the company's technology (Newman, 1986). The campaign worked perception of BT's use of up-to-date technology rose by 15 per cent following the campaign.

**The purpose of corporate advertising** is basically the same as for press releases and other public relations exercises: to establish a positive image for the company. It is not directly about making sales (although sales often do increase, because the favourable impression of the firm tends to spillover into a belief that the products are better, more reliable or more ethical), but it is rather about making the management task easier by smoothing the path of progress. Recently, Monsanto (the giant US chemicals corporation) has been running a series of press advertisements explaining its position on various issues such as the use of pesticides and the genetic engineering of food plants. The most telling aspect of the advertisements is

that each one carries an address and contact telephone number for the organizations that oppose Monsanto's policies. For example, Greenpeace has been featured in the advertisements, with the exhortation to 'Call this number for an alternative view of the problem'. The likelihood is that relatively few people will actually call the number, but Monsanto has very effectively increased its own credibility by giving out the numbers. Quite clearly, the firm has nothing to hide. .

#### Corporate Advertising has the following Characteristics

1. It is intended for long-term image building, not immediate sales.
2. It rarely mentions specific brands or their features and benefits.
3. It does not require any immediate response from the observer.
4. The advertisements appeal to the reader's cognition rather than to affect (although the effect may be affective).

#### Product Placement

**Product placement** (the placing of brands in films and TV shows) is also about creating a positive image of the firm. Firms will contribute towards the cost of producing a movie or TV programme in exchange for allowing their products to be used in the show. For example, most American-made films will show Coca-Cola in some form or another; either one of the characters will be drinking some or an advertising sign for Coke will appear in the background. For example, in the film *Basic Instinct* the detective and the suspect share a Bourbon and Coke 'because bourbon goes great with Coke.' For a more subtle example, in *Midnight Express*, which is set in a Turkish jail where the prisoners have almost no personal possessions, one of the prisoners does possess an empty Coke bottle. It appears on the shelf behind his head while he delivers a fairly lengthy monologue. Coca-Cola spends considerable time, effort and money in ensuring that this kind of product placement happens.

In most cases the product placement is so subtle that the viewer is unaware of it on any conscious level. The product appears quite naturally, but there is a connection made via the peripheral route and the consumer's affective response to the product becomes more positive. Because the movie star is wearing Nike trainers, or asks for a Jim Beam on the rocks, or drives an Aston Martin, the viewer associates the product with the movie and the star, and therefore assumes that the product must be a good one.

Product placement represents a relatively cheap way of obtaining some brand exposure in a mainstream medium without paying for airtime. Like any other form of promotion, it is not without cost; the firm will undoubtedly enter into negotiation with the producers of the entertainment and there will be bargaining over who is contributing what to the overall enterprise. Sometimes firms are simply unable to meet the cost of the placement; traditionally James Bond drove an Aston Martin, but unfortunately the Aston Martin car company was unable to meet the high cost of supplying the cars for the movie *Tomorrow Never Dies*, and BMW stepped in. BMW

supplied 17 cars, each worth £75 000, all of which were written off in the course of making the movie (Oakes, 1997). In fact, numerous companies, which wanted their products to be associated with the cool, suave James Bond image, approached the producers of *Tomorrow Never Dies* and they chose only those, which fitted the image. Interestingly, none of the companies was British, despite the quintessential Britishness of the Bond character.

Product placement is an under-researched area academically. It tends to be the domain of major multinational firms, which can afford the time to negotiate, and the costs of providing the products. There is a high entry level in terms of cost because the cost of funding a movie or TV show is high, even when the firm placing the products is only meeting a fraction of the cost; on the other hand, the benefits for a company operating internationally are very great indeed. **A successful movie will be screened in most countries of the world, will eventually be screened on television (perhaps for years to come) and will attract a premium audience.**

From the viewpoint of the movie producers, product placement (and merchandising spin-offs) can easily cover the cost of making the movie. Even if the 1998 hit movie *Godzilla* had been a complete flop at the box office, the producers would still have shown an overall profit because of the product placement and merchandising deals.

The essence of marketing is to understand your customers' needs and develop a plan that surrounds those needs. Let's face it anyone that has a business has a desire to grow their business. The most effective way to grow and expand your business is by focusing on organic growth. You can increase organic growth in four different ways. **They include:**

- Acquiring more customers
- Persuading each customer to buy more products
- Persuading each customer to buy more expensive products or up selling each customer
- Persuading each customer to buy more profitable products

All four of these increase your revenue and profit. **Let me encourage you to focus on the first, which is to acquire more customers. Why?** Because by acquiring more customers you increase your customer base and your revenues then come from a larger base.

#### How can you use marketing to acquire more Customers?

- Spend time researching and create a strategic marketing plan.
- Guide your product development to reach out to customers you aren't currently attracting.
- Price your products and services competitively.
- Develop your message and materials based on solution marketing.

#### The Importance of a Target Market

When it comes to your customers, keep in mind the importance of target marketing. The reason this is important is that only a proportion of the population is likely to purchase any products or service. By taking time pitch your sales and marketing efforts

to the correct niche market you will be more productive and not waste your efforts or time. It's important to consider your virtual segmentation by selecting particular verticals to present your offerings to. Those verticals will have the particular likelihood of purchasing your products and services. Again, this saves you from wasting valuable time and money.

### Marketing differs between Small Businesses and Larger Companies

If you are like the majority of small business owners your marketing budget is limited. The most effective way to market a small business is to create a well-rounded program that combines sales activities with your marketing tactics. Your sales activities will not only decrease your out-of-pocket marketing expense but it also adds the value of interacting with your prospective customers and clients. This interaction will provide you with research that is priceless. Small businesses typically have a limited marketing budget if any at all.

Does that mean you can't run with the big dogs?

Absolutely not. It just means you have to think a little more creatively. **How about launching your marketing campaign by doing one of the following:**

- Call your vendors or associates and ask them to participate with you in co-op advertising.
- Take some time to send your existing customers' referrals and buying incentives.

Have you thought about introducing yourself to the media? Free publicity has the potential to boost your business. By doing this you position yourself as an expert in your field.

Invite people into your place of business by piggybacking onto an event. Is there a concert coming to town, are you willing to sell those tickets? It could mean free radio publicity. If that is not your cup of tea, how about a walkathon that is taking place in your area, why not be a public outreach and distribute their material? When you do spend money on marketing, do not forget to create a way to track those marketing efforts.

You can do this by coding your ads, using multiple toll-free telephone numbers, and asking prospects where they heard about you. This enables you to notice when a marketing tactic stops working. You can then quickly replace it with a better choice or method. Getting Started By being diligent in your marketing and creating an easy strategy such as holding yourself accountable to contact ten customers or potential customers daily five days a week you will see your business grow at an exceptional rate. The great thing is it will not take a large marketing budget to make it happen.

### Word of Mouth BlitzLynn Gordon, proprietor of French Meadow Bakery

In Minneapolis, started her bread-making business in her kitchen, producing 40 loaves a week for local co-ops. One day she made a cold call to a local gourmet shop, which started a word-of-mouth snowball. As luck would have it, the buyer was on a special diet, and Gordon's bread was just what she was looking for. Soon other grocery stores signed up. Meanwhile, customers sent loaves to friends around the country, who called to order more. Under pressure from stores, distributors started

asking for French Meadow bread. Next, Diane Sawyer and the 60 Minutes crew showed up to do a story about the Women's Economic Development Corp., a program for women entrepreneurs in which Gordon was involved. Sawyer highlighted Gordon and her gourmet bread on the show. Then the state helped subsidize a trip to the International Fancy Food & Confection Show in Chicago, where 300 stores placed orders. Will Steger, the tundra explorer, ordered Gordon's bread for the international trip he was leading across the Antarctic. Even Neiman Marcus bought French Meadow bread to include in a \$5,000 Ultimate Cocktail Buffet. As a result of that first cold call, Gordon moved her operation into a 13,500-square-foot storefront bakery in Minneapolis, where she eventually employed 15 people. Milking Customer Loyalty To establish contact with its customers, Stonyfield Farm stamps "Let us hear from you" on the back of its yogurt cartons. Stonyfield also communicates to its fans through its newsletter, Moos from the Farm, where it introduces new products and promotions. By encouraging fans to spread the word about its products, the New Hampshire maker of "farm style" yogurt was able to get into supermarkets and compete with much bigger companies.

In the early 1990s, Stonyfield announced an "Adopt-a-Cow" program, which encouraged frequent purchases and educated young customers about where the company gets its milk. Consumers who bought five cartons of Stonyfield Farm Yogurt, or 10 servings of its newest frozen yogurt, received a free photo and biography of a cow that produced milk for the company, an adoption certificate, plus a free subscription to the newsletter. Demand far exceeded the number of cows; so many consumers shared their adoptees.

**The result of the program was increased sales — but more important, the company received publicity from area newspapers and magazines.**

The press coverage helped Stonyfield get exclusive frozen yogurt accounts, such as the University of Connecticut and Au Bon Pain, a bakery with more than 120 shops nationwide at the time. The bottom line? "Word of mouth builds better loyalty than advertising," says Samuel Kaymen, chairman of Stonyfield Farm.

Just go through this article on corporate identity

Is your Corporate Identity at Risk?

Legal / Douglas R. Wolf

As the Internet opens the door to a global economy, your corporate identity is more vulnerable than ever before.

With a proactive strategic trademark and domain-name plan in place, you can remain a step ahead of would-be infringers, in the United States and abroad. Every country has different laws, and to the extent that the theories behind the laws overlap, they are applied differently.

Whether you are trying to obtain a trademark registration in Japan or fighting for common law rights in the U.S., there are several basic strategies that should be undertaken to keep your portfolio or trademarks, including domain names, strong.

With economic changes forcing companies to reconsider how aggressively to build and maintain the portfolio, global pirates



have and will become bolder in pursuit of the trademark rights of others. You and your firm would thus do well to consider the following.

### Start off Strong

Most countries subscribe to the theory that unusual or strong marks are afforded more protection than weak marks, which include highly suggestive marks or marks with features common to other marks in the same or related industries. The problem lies in the fact that the determination of whether a mark is strong or weak will vary greatly. For example, in China the definition of “weak” is very broadly interpreted with only a slight overlap or small element of suggestiveness enough to preclude registration. On the other hand, the same mark in Canada may be afforded relatively broad protection. If you start with a mark that is clearly unusual, this country-by-country variation in interpretation subsides.

What if you already have a mark that has become recognized internationally and you do not want to change? Besides obtaining registrations, you should also consider the cost of buying the registrations of others in the industry that may make your mark weak in questionable countries. Local culture dictates the costs and results, and working closely with a counsel in that country becomes quite important. Depending on the jurisdiction, responses can range from friendly to traditional demands for enormous fees, or even cease-and-desist letters to stop your use of the mark. Setting up a straw man to determine the level of interest in transferring a mark can help avoid such a negative response.

Many countries view trademarks and domain names as related property rights. Therefore a strong trademark — which usually forms the basis for domain name selection — should help with enforcing your rights in the URL against cyber-pirates. That's because adoption by others of domain names similar to your strong trademark can be convincing evidence of bad faith.

### Register, Register, Register

Registering your trademark at the local trademark office or obtaining the relevant domain name should always be budget-driven since no registration program can include every potential application. However, the importance of obtaining key registrations cannot be understated. Many countries grant substantial and sometimes exclusive rights to the registrant of a trademark over prior users of even the same trademark in that country. Only through a showing of world fame by the rightful owner or bad faith by the registrant of the mark or domain does the prior user have a chance to recapture lost rights. It's critical to create a strategy of when and what to register.

Creating a hierarchical grid of countries crossed with the use of the mark can be a valuable tool in planning and budgeting a trademark and domain name registration program. For example, a decision about where to register your trademarks and domain names should consider why registration may be important:

- Sales (subdivided by amount)
- Manufacturing (subdivide further if products are manufactured in multiple locations)
- Competitive sales

- Competitive manufacturing
- Future sales
- Future manufacturing

The primary criterion should have to do with likelihood of actual infringement in a country. For example, a company considering expanding its manufacturing operations into another country might not need to register its marks there (or all of its marks) because the likelihood of an infringer in that particular country is nil. On the other hand, countries targeted for actually selling the manufactured merchandise might be more worthy of trademark protection.

If future sales or manufacturing are projected in one or more countries, are the plans far along or are they still on the drawing board? Rushing out to register all possible marks and domain names the instant one imagines a new operation or market is not usually the best approach. Figuring in the probability of piracy and/or the value of specific business activities will yield more practical decisions.

Keeping registration costs in mind, the decision whether to register a particular mark in a particular country likely falls into one of four categories:

- Must register;
- Probably should register depending on budget;
- Not of interest now;
- Will never be of interest.

Throughout this whole process, there are various rules that must be kept in mind based on the countries of interest. For example, the cost varies substantially from country to country and between various registration strategies. A group European Community Trademark (CTM) registration is often more cost-effective than pursuing registration separately in more than three European countries. However, the scope of protection may not be what you need if sales or commerce occurs in possessions or territories of European Community countries. If you need protection in the Caribbean, the British or French territories may not recognize a CTM registration, but would provide full recognition for individual United Kingdom or French country registrations.

Similarly, on the domain name side, while world-wide registration is generally less expensive, the number of top-level and second-level domain names has expanded so greatly over the last few years that trying to capture everything has become all but impossible. In addition, some countries or territories require that the company have a physical presence there to obtain a domain name registration. This all adds up to the currently growing realization that you cannot and should not go after all domain names potentially of interest, but rather go after only the first-tier, critical domain names and sometimes the typographical or otherwise related domain names in jurisdictions of interest. The common strategy today is to write to registrants of encroaching domain names and warn them that the domain name will be monitored and that anything posted at the URL will be met with appropriate action.

## I Spy

Monitoring the Web, registration databases, and various directories can be the most efficient and cost-effective way to protect your portfolio. Contacting a potential infringer before any serious amount of money has been spent building a product, service, or brand makes dropping a mark from them much easier. Very simply, a company that has adopted a mark which you believe is potentially infringing is more likely to terminate or not use the mark if they receive your communication before they have spent thousands of dollars on designers, printed materials, and promotional efforts. Contacting that party early on demonstrates your strong interest in the mark and makes a favorable settlement more likely.

Various commercial organizations provide monitoring of these databases and directories, but your company can do much of it internally. These vendors provide the most value with regard to trademark and domain name applications that have been filed. The largest cost incurred by using these vendors is generally monitoring “common law” or non-application uses of marks. You can reduce this cost by creating an in-house program that continually monitors the Internet for use of your important marks and by working with trademark counsel to learn what types of uses should be pursued.

## Keep your Friends Close and your Enemies Closer

Unfortunately, your local representative — including distributors — can be the primary source of problems in international business on the trademark and domain name front. In Japan, China, and many Central and South American countries (Brazil in particular), the practice can be quite popular. “Experienced” distributors often check local trademark office and domain name registration information to see what a company has applied for. If there is any hole in the company’s portfolio in that country, a local entity will often register a trademark or domain name “on behalf of” the client. While at first glance intentions may seem noble, the practice is instead intended to force the client to keep the distributor relationship intact. If it does not stay so, the distributor may use the property later for competitive products.

The end result is often an expenditure of money — through threatening litigation, undertaking actual litigation, or buying the property right. One way to avoid such a problem is to register the properties before you enter the country or before you even select the local representative or distributor. Another option is adding to the distributor agreement a requirement that the distributor not register any trademark or domain name related to or confusingly similar to the property rights of the client. The contract should also provide for an automatic assignment of such rights if that part of the agreement is breached. You should also consider adding a requirement that the local entity inform you of any marks adopted by third parties that may cause confusion. While you may not find complete compliance with these terms, having a written obligation may provide the otherwise missing psychological advantage.

## To Sue or not to Sue?

On the bright side, litigation outside the U.S. is substantially less expensive by at least an order of magnitude than it is in the U.S. Even if the cost is only a few thousand dollars, however, you should avoid litigation since no result can be guaranteed and securing what you need — even if it includes paying the other side for something that you believe is legitimately yours — often makes sense. All such settlements, however, should be done by agreement and include at least promises not to register any confusingly similar marks or domain name of the company in the future, even if those marks or domain names are different from the one in dispute.

Sometimes litigation cannot be avoided. In those circumstances, select your counsel carefully. Be sure to confirm that you have secured all ancillary rights in a country, since some unsavory companies, from competitors to your own distributors, will spitefully register close marks to force you into litigation again if they are looking for a payoff later.

One technique you should always consider is leveraging your domestic attorney against an opposing counsel in a dispute in a foreign country. Rivalry between attorneys abroad often causes difficulties in settling cases. Your domestic counsel, however, often has relationships with several law firms in the subject country on matters for other clients. As such, your domestic counsel’s involvement in the dispute can be enough to convince the opposing foreign counsel to behave differently, leading to a more responsive and reasonable result. The underlying reason is that a large percentage of the work for some international law firms comes from U.S. attorneys.

With a proactive trademark/domain-name registration plan, you can remain a step ahead of those in both your home country and abroad who would love to steal your hard-earned good name. Heeding these five strategies can go a long way toward protecting your company’s identity, image, domain and trademarks, including prevention of unexpected piracy (cyber or otherwise) as well as a multitude of other unsavory turns of events.

I think this article has proved you lot of insight as to what is corporate identity and how you can manage it.

## Lets see Word of mouth now

Word of mouth is probably the most powerful communication medium in existence and can be used by marketers to good effect. **The reasons for its power are as follows:**

- It is interactive, involving a discussion between two or more parties. This forces the recipient to think about the communication. The problem for marketers is that the interaction takes place between parties who are not usually under the control of the firm.
- It allows for feedback and confirmation of the messages.
- The source, a disinterested friend or acquaintance, carries a lot more credibility than any marketer-generated communication.

People often discuss products and services: they like to talk about their own recent purchases, to advise people considering a purchase, to show friends and family their latest acquisitions, and even to discuss controversial or interesting marketing

communications. The problem for marketers is that people will talk about products and companies whether the firm likes it or not, and there is very little that firms can do to control the process. **Word of mouth communications can therefore be positive or negative; bad news often appears to travel twice as fast as good news, so that a great deal of much word of mouth is in fact negative.**

Table below shows some of the ways in which marketers can increase positive word of mouth.

Ways to Encourage Positive Word of Mouth

Method	Explanation and examples
Press releases Bring-a-friend schemes Awards and certificates T-shirts	A press release with a good, newsworthy story will usually stimulate discussion, particularly if it is linked to another promotion. For example, a press release announcing a sports competition for school squash players will generate word of mouth among squash players. In these schemes an existing customer is invited to recruit a friend in exchange for a small reward. In some cases, the reward is given to the friend rather than to the introducer - some people feel uncomfortable about accepting a reward for 'selling' to a friend. For example, a health club might have special 'bring a friend' days when the friend is allowed to use all the facilities free for a day. This gives the member a chance to show off his or her club and encourages the friend to join. Trophies and certificates are sometimes displayed and often talked about. For example, Laphroaig whisky distillery has a Friends of Laphroaig club, in which the members (regular drinkers of the whisky) are given a square foot of land on the island of Islay and a certificate of ownership. The proud owners of this little piece of Scotland frequently mention it to their friends, especially when offering them a glass of the whisky itself. The distillers also invited the Friends of Laphroaig to nominate a friend to receive a free miniature of the whisky, on the grounds that the 'Friend' could then be sure of a 'dram' when visiting. Promotional clothing often excites comment from friends; designer labels, names of bands, names of tourist destinations and names of concert venues all provoke comment from friends and acquaintances.

Part of the problem for the marketer lies in identifying the opinion leaders in a given market. Journalists, influential individuals and organizations in industry and some prominent TV pundits are obviously easy to identify, but among the

general public it usually takes careful research to identify those who are likely to be opinion leaders regarding a particular product. The main characteristics of influential are shown in Table **Characteristics of Influential**

As we said earlier, much word of mouth communication is, unfortunately, negative. Some authorities state that dissatisfied customers tell three times as many people about the product than do satisfied customers; if true, this means that preventing negative word of mouth is actually a more pressing problem for marketers than generating positive word of mouth. Complaint handling is therefore a key issue. Research has shown that only one-third of consumers will complain or seek redress; the remainder will boycott the goods in future, or simply complain to others, either of which is a non-optimal outcome from the viewpoint of the marketer. Consumers express dissatisfaction in one of three ways: voice responses, in which the customer comes back and complains; private responses, in which the consumer complains to friends, and **third-party** responses, which may include complaints to consumer organizations, trade associations, TV consumer programmes or even legal action (Singh, 1988).

Table **Characteristics of Influential**

Characteristics	Description of influential
Demographics Social activity General attitudes Personality and lifestyle Product related	Wide differences according to product category. For fashions and film going, young women dominate. For self-medication, women with children are most influential. Generally, demography shows low correlations and is not a good predictor. Influencers and opinion leaders are usually gregarious. Generally innovative and positive towards new products. Low correlation of personality with opinion leadership. Tends to be more fashion conscious, more socially active, more independent. Influencers are more interested in the specific product area than are others. They are active searchers and information gatherers, especially from the mass media.

The Coca-Cola Company undertook a survey of customer communications in 1981 among customers who had complained to the company. The figures that emerged are shown in Table **Coca-Cola research**

The most effective way of reducing post-purchase dissonance is to provide a product that meets the customer's expectations. This is partly a function for the manufacturer, but it is also a problem for the retailer to address, since it should be possible to ensure that the consumer's needs are fully understood before a recommendation about a product is made. As a fallback position, however, every effort should be made to encourage the consumer to complain if things do not come up to expectations. This is why waiters always ask if the meal is all

right and why shops frequently have no-quibble money-back guarantees. Ferry companies and airlines provide customer comment slips and some marketers even make follow-up telephone calls to consumers to check that the product is meeting expectations.

#### Table Coca-Cola research

- More than 12 per cent told 20 or more people about the company's response.
- Those who were completely satisfied told a median of four to five others about the experience.
- Nearly 10 per cent of those who reported being completely satisfied increased their purchase of company products.
- Those who thought that their complaint was unfairly dealt with told a median of nine to ten other people.
- Of those who thought their complaint was unfairly dealt with, nearly one-third subsequently boycotted company products entirely, and another 45 per cent reduced their purchases.

If the complaint is about a physical product, a simple replacement of the faulty product will usually be sufficient, but it is always better to go a step further and provide some further recompense if possible.

**In services marketing the problem is a little more complex**, because a service industry is essentially selling a promise; services cannot be returned for a replacement in the way that physical products can. **Services fall into the following categories, for the purpose of correcting complaints (Blythe, 1997):**

1. Services where it is appropriate to offer a repeat service, or a voucher. Examples are dry cleaners, domestic appliance repairers and takeaway food outlets.
2. Services where giving the money back will usually be sufficient. Examples are retail shops, cinemas and theatres and video-rental companies.
3. Services where consequential losses may have to be compensated for. Examples are medical services, solicitors and hairdressers.

The above categories are not necessarily comprehensive or exclusive; sometimes it may be necessary to give back the consumer's money and also make some other redress. **It is important that dissatisfied customers are allowed to voice their complaint fully, and that the appropriate compensation is negotiated in the light of the following factors:**

1. The strength of the complaint.
2. The degree of blame attaching to the supplier, from the consumer's viewpoint.
3. The legal and moral relationship between the supplier and the consumer.

A failure to solve problems raised by post-purchase dissonance will, ultimately, lead to irreparable damage to the firm's reputation. **The evidence from the Coca Cola survey is that consumers whose complaints are resolved satisfactorily tend to become more loyal than those consumers who did not have a complaint in the first place. In the last analysis, it is always**

cheaper to keep an existing customer than it is to attract a new one, and therefore the suppliers is asked to give customers every chance to express problems with the service or product provision. To this end, many firms now operate free helpline numbers to allow customers to call with problems before the difficulties become too great. Ultimately marketers aim to develop close long-term relationships with customers; this implies a two-way communications process that operates best by using the spoken word.

Here are 11 ways for you, or the salespeople who work for you, to get your own word-of-mouth marketing program off the ground.

#### 1. Characteristics Description of Influential

Demographics Social activity General attitudes Personality and life style Product related wide differences according to product category. For fashions and film going, young women dominate. For self-medication, women with children are most influential. Generally, demography shows low correlations and is not a good predictor. Influencers and opinion leaders are usually gregarious. Generally innovative and positive towards new products. Low correlation of personality with opinion leadership. Tends to be more fashion conscious, more socially active, more independent. Influencers are more interested in the specific product area than are others. They are active searchers and information gatherers, especially from the mass media.

Don't be a cave dweller. Get out and meet people. Start by setting a goal for the number of appointments you'll establish with people you wish to develop networking relationships with every week.

2. Know how to ask for the referral. There are specific techniques you can learn and develop that will help you hone your ability to ask for the referrals you want. One such technique is to ask, "Who do you know who...?" You would then list several types of people you can help, such as someone who is new to the area, someone recently married or someone who has just started a business.
3. Consciously select at least three different business or networking groups to join in the next three months. These groups might include chambers of commerce, community service groups and trade associations. When joining various organizations, make sure you select a well-rounded mix of business groups in which to participate. Try to avoid being in more than one group per category (i.e., two chambers of commerce), as this will divide your loyalties and put you in a position where you'll be making promises to too many people.
4. Develop a creative incentive to encourage people to send referrals your way. A music storeowner, for instance, sends music tickets to people who refer business to him. Another example is the chiropractor who posts thank-yours on a bulletin board in his waiting area to all his patients who referred patients to him the previous month.
5. When attending meetings and other networking events, bring the right networking tools with you. These include: an informative name badge, business cards and a business card carrying case to hold others' cards.



6. Spend time developing your networking skills. Read books and articles on networking, listen to tapes, and talk to people who network well. Networking is an acquired skill.
7. When attending a business mixer, act like a host, not a guest. You are wasting your time at mixers if you stand around visiting with coworkers or others you already know rather than meeting new contacts and introducing them around. These events offer a great way to increase your visibility! If appropriate, ask to be the ambassador or visitor host in the organizations to which you belong. As such, it will be your official duty to meet people and introduce them to others.
8. Invest time in developing a 60-second message about your business that explains what you do. Try to think of a “memory hook”—a brief, ear-catching phrase that so vividly describes what you do that people will be able to visualize it with their eyes. For example, a travel agent uses this to describe his services to a large audience: “Ninety percent of all accidents happen in the home...so travel!” When you introduce yourself to groups of people, use your memory hook. Chances are, this will help them remember you and what you do.
9. When you meet someone and exchange cards, take a few moments to flip the card over and jot down some information about them or their business that will help you remember them and refer business their way. If a new contact sees you actively doing something that will benefit them, they are more likely to take your need for referrals seriously. Let them know as you are writing your notes that you will keep them in mind if you find someone who needs their product or services. This is a very simple, yet powerful, way to make a great first impression that can be developed into a mutually beneficial networking partnership.
10. Talk less and listen more. Remember that a good networker has two ears and one mouth and uses them accordingly.
11. Connect with people outside of business meetings whenever possible. Drop notes, letters and articles that might be of interest to them in the mail. Call to check in with them or invite them to events you may be attending that might be of interest.

You are potentially linked to a vast network beyond your own sphere. By implementing the tactics above, you will receive benefits from that network. Maximize your opportunities to cultivate networking relationships with others, and you will see just how effective word-of-mouth marketing can be!

## Exhibitions

### Introduction

For many businesses, trade shows offer a simple and convenient way to directly target relevant buyers in the industry. When attending a trade show, making a statement that rises above the visual roar of neighboring booths is probably the greatest challenge. You need to convey your message forcefully and effectively in just the few seconds that someone spends walking by your booth.

**Portable trade show** displays offer a cost-effective way to make such a statement. Portable exhibits, as their name suggests, can

be packed into cases that can be checked onto airlines or transported via standard ground shipping services.

This portability allows exhibitors to bring in and set up the displays themselves, avoiding the added complexity and expense of professional movers and builders.

### Types of Displays

The type of display you'll want to use depends greatly on your objectives for attending the trade show. Although creating leads and generating sales are the most common goals, other reasons include educating potential clients, publicizing your business or particular products, or building an image for your company. For specific needs, check out your buying options for custom displays in our QuoteZone. Most likely, you'll want a display that is easy to travel with and assemble. **Pop-up exhibits and panel displays almost always fit the bill.**

**Pop-up exhibits** use accordion-style folding frames, which are then covered with magnetic-backed fabrics or plastic panels. Panel displays typically consist of fabric-covered solid segments that are connected to make a wall.

A variety of materials can be used to cover displays, including plastic and fabric. If you are choosing among fabric coverings, keep in mind that heavier carpet-like fabric tends to withstand wear much better than smooth fabrics.

Other display types that run the gamut in terms of portability, price, and ease of assembly include:

- **Modular exhibits.** These are particularly convenient if your spatial requirements change regularly. They are often combined with custom display components but are far less expensive than an entire custom designed unit.
- **Frameless displays.** With this kind of design, you simply take a plastic panel and bend it so the ends meet to create a standing structure. The side of the structure that contains the graphics is faced out for display.
- **Pipe and drape designs.** These are made entirely of fabric and are constructed by clipping a fabric draped directly onto pipes.
- **Tabletop displays.** If you don't require a large display exhibit, then tabletop displays, which are smaller versions of pop-up and panel displays, may be the ticket for you. Briefcase displays, a form of tabletop display, are even easier to travel with.

### Advantages of Each Type

- Pop-up displays are fairly lightweight and compact. A 10-foot display can fold into one or two cases, each about the size of a large golf bag, and weighs less than 70 pounds. These displays are also fairly easy to set up. They offer little in the way of size flexibility, however. Because the frame must be fully opened to be stable, users cannot adjust the frame to fit smaller or larger spaces.
- In contrast, a panel display is composed of many separate folding panels that can be arranged in different configurations. This allows companies to use the same display for different exhibition spaces. Although they offer more setup flexibility, panel displays can be a bit unwieldy and often require more than one person to assemble.

- Frameless exhibits combine the convenience of a lightweight (about 28 pounds) package, which translates into much lower shipping costs, with the ease of one-person setup. Its primary use is as a backdrop, though—resting equipment on the display itself is not really possible.
- Similarly, pipe and drape displays can also be useful as backdrops or, if you want, as skirts for the front of tables. But on the downside, they aren't really designed to handle photo-based graphics and cannot support any weight directly. In these cases, you'll want to turn to the other designs.
- Tabletop-top displays, which are one of the more travel-friendly options, are ideal if you are looking for a design that can be set up and disassembled in little time. A tabletop display can be created by using only part of the display, or panels can be folded in and out to fit smaller or larger spaces. Keep in mind that smaller tabletop-top displays, such as briefcase displays, will limit the extent to which your display will stand out, though.

### What can be Displayed?

Both text and images can be shown on displays. The most flexible way of doing so is to produce mounted graphics and back them with Velcro, which then attaches to fabric-covered displays. While panel displays can support large, flat images, pop-up displays will require either small graphics or graphics that can be applied to flexible curved surfaces. Displays can also incorporate text and images as the surface of the display. This is typically done by creating large photomurals that are then applied to the display.

Most systems can also be equipped with shelving to display products. You can display products your company manufactures or sells, or promotional products that provide publicity for your business.

### Warranties

Displays receive a lot of rough treatment from shippers, customers, and those setting them up. You should expect a lifetime warranty on pop-up frames. Warranties on panel displays vary a bit more, lasting anywhere from two to five years.

It's a good idea to read the fine print in the agreement in case your display breaks. Some manufacturers require that you send it back to them, and this could involve more time, which could put a freeze on your trade show attendance. Others, however, can be fixed in the field or at the distributor.

### Vendors

Trade show displays are sold by dealers and direct from the manufacturer. But in working with dealers, you have the advantage of making direct comparisons because they typically carry models from multiple manufacturers. Graphics for the display can usually be purchased from the vendor selling the display. You can also turn to graphic designers who specialize in producing artwork for trade show displays.

### Pricing

Basic 10-foot, fabric-covered displays will run about \$3,500 to \$5,000, while larger, customized displays can easily cost

\$7,000. There is usually not a large price difference, however, between similarly configured pop-up and panel systems.

On top of the basic display cost, you should expect to pay an additional 40 percent to 80 percent for graphics and accessories. Individual graphics that are attached via Velcro can cost \$5 to \$300 depending on the size. A full photomural that attaches directly to a display can cost about \$1,200.

### Checklist

Once you have decided what kind of display to go with, it's time to consider the design and setup. The impact of your display hinges upon the different elements of your design, including graphics, sample products, promotional products, business cards, brochures, and lead cards.

- **Graphics.** You want your graphics to grab people's attention, but they also shouldn't take up too much of their time. If you're including text, be sure to use large letters, and keep the message clear and concise. In the few seconds the viewer will spend walking past your booth, let them know who you are, what you do, and how you can help them.
- **Sample products.** Make sure the products you choose are easy to travel with and display, and give your booth visitors a good idea of what your company sells. Demonstrations, if possible, are always good for booth traffic.
- **Promotional products.** Think about something useful, small, and unique. If you're giving away higher-end promotional products, it might be better keep the promotional gifts tucked away so you can give them only to potential customers showing genuine interest. Leaving a basket full of promotional products in front of your booth might generate a high level of booth traffic, but most of the people will be there only for the gift.
- **Business cards.** Always keep these handy. If you rely on them a great deal for leads, though, keep in mind that probably every other booth will be handing them out, too. Try to think of ways to stand out.
- **Brochures and other literature.** A majority of literature handed out at trade shows ends up on the floor or in the garbage. If you are handing out literature to every person who passes by, it's better to use simpler, less expensive flyers or brochures. Save the literature printed on nicer paper for genuinely interested visitors who have questions.
- **Lead card.** These are the best means of collecting information about potential clients. Although the main use of lead cards is to establish contact with potential customers, keep in mind that they want to know you're genuinely interested in satisfying their needs. Find out what they're looking for first, then ask for their mailing information at the end. Be sure to contact your leads within a few days after the show. Even the best impressions will only last so long without follow-up.

### Exhibitions in the Communications Mix

Exhibitions and trade fairs are widely regarded as a powerful way for firms to reach a large number of potential customers face-to-face at a cost far below that of calls by salespeople.

Exhibitions do, indeed, bring together buyers and sellers under

one roof in a way that is unique it is probably the closest thing most modern businesses have to the mediaeval marketplace, which is so often held up as an example of ideal marketing practice.

Substantial sums of money are devoted to exhibitions. During 1995, £750 million was spent at trade, consumer and agricultural shows in the UK, which was double the amount spent on outdoor and transport advertising (£378 million) and more than the advertising spend in consumer magazines (£533 million) or business directories (£639 million). If private events are included (£266 million), the spend approaches that of the advertising spend on national newspaper advertising (Advertising Association, 1997). On average approximately 8 per cent of UK firms' marketing budget is spent on exhibiting on average (Campaign Report, 1992).

Despite the widespread use of exhibitions as promotional tools (for exhibitors) and as sources of up-to-date information about the latest developments (for visitors), relatively little research has been conducted into them. This may be due to the difficulties of obtaining a definitive answer as to whether exhibitions are really an effective way to promote it may be due to the difficulty of reconciling the aims of exhibitors with the aims of visitors or it may be due to entrenched attitudes on the part of exhibitors, non-exhibitors and exhibition managers. One of the areas in which conflict occurs is in the split between activities that directly relate to personal selling (lead generation, appointment making and closing of sales) and activities that relate to other marketing functions such as public relations, promotion, new product launches and marketing research.

Certainly, attitudes among exhibitors and non-exhibitors can be extremely polarized. There are firms that have no other promotional activity than exhibitions, so strong is their belief in the efficacy of the medium equally, there are marketers who do not believe that exhibitions serve any useful purpose as a promotional tool.

Exhibitions and trade fairs are concerned with two main areas to marketing communications: activities directly related to making sales, and areas that relate to more general promotional activities. Some exhibitions are intended primarily as selling events, where visitors would expect to be able to buy goods directly from the exhibitors, while other exhibitions (called non-selling exhibitions) exist primarily to show the latest developments in the industry.

Exhibitions occupy a key role in business-to-business marketing, since they allow contact with buyers who otherwise would be seen infrequently due to geographical or time constraints. This is particularly the case with international exhibitions such as those held in Germany, where exhibitions occupy a more important role than in most other countries. In many cases these exhibitions bring together people who otherwise would not have met at all, and who might not have known of each other's existence.

Since contact at exhibitions is on neutral territory, both parties may feel more relaxed, so that the exhibition allows the relationship between buying company and selling company to develop more fully and often in unexpected directions. Meetings at exhibitions can therefore be important factors in

relationship marketing, and certainly exhibitions present opportunities for strengthening personal bonds between buyers and salespeople. Networking opportunities between exhibitors are also commonly available firms with complementary products may be able to make contact with each other.

Sometimes exhibitions also allow contact with clients who only order occasionally, but who have strategic importance (for example major construction projects or defense projects).

### Planning an Exhibition

Although exhibitions are expensive activities, many firms do not put sufficient time and effort into planning them. In some cases this is because the management believes that the exhibition is merely a flag-waving exercise and does not expect to get anything tangible from it; in other cases the exhibition is a one-off or infrequent activity and thus imposes an extra burden on the marketing team, which disrupts their usual routine.

In fact, a properly planned and executed exhibition is likely to take up six months or more in total, both in the preparation beforehand and in the follow-up activities afterwards. The **first stage** is to decide what the objectives of the exhibition are; this goes beyond merely deciding what the reasons are for exhibiting. The **objectives need to be realistic** (bearing in mind the visitor profile of the exhibition), **they need to be achievable** (within the context of the firm's resources) and **they need to be quantifiable** (and mechanisms must be in place to monitor their achievement).

Formal objective setting appears to be influenced by a combination of the importance of the activity and the ease or difficulty of assessment. Most exhibitors state that personal selling is the main aim of exhibiting, or Indeed the only aim; most are able to set formal objectives for taking sales orders, but the majority (more than two-thirds) are unable or unwilling to set objectives for interacting with existing customers. If most firms do not set objectives for this activity, clearly even fewer would set objectives for non-selling activities such as enhancing the company image (Blythe, 1997).

The **second stage** of the planning process is to decide which exhibition to attend.

This decision will rest on the following factors:

- The number of available exhibitions to choose from. In some industries there are only one or two suitable exhibitions each year.
- The visitor profile of the exhibition. Most exhibition organizers will provide this information based on the previous year's attendance. Obviously, information from this source will need to be treated with some circumspection; exhibition organizers are unlikely to give a negative picture.
- The cost of exhibiting.
- The availability of suitable space in a good location.
- The timing of the exhibition relative to the firm's business cycle and other communication projects.
- The profile of exhibitors (I.e. which competitors will be exhibiting and which will not).

- The prestige level of the exhibition. It would be hard to imagine a British car manufacturer not, exhibiting at the London Motor Show, for example

The **third stage** is to plan the staffing of the exhibition stand. Most managers tend to use the sales force to staff the stands, but this has the disadvantage of taking salespeople off the road. Also, the research evidence shows that most visitors are not actually in a position to buy, but are probably engaged in the information search stage of the buying process. Unless the show is primarily a selling show, therefore, it is more productive to staff the stand with technical people, with perhaps one salesperson to handle buyers and collect leads. .

The **fourth stage** is to plan the support promotions around the exhibition. These may include direct mail shots to potential visitors, advertising campaigns in advance of the exhibition, press releases in the trade or consumer press as appropriate, and extra activity by the sales force both before the exhibition (inviting existing customers to visit the stand) and afterwards (following up new enquiries).

The **fifth stage** is to decide on the layout of the stand and its contents. Since visitors are usually information gathering, the stand needs to be eye-catching and attractive, but should also convey solid information. Exhibitions are often good places to launch new products, so the firm's latest offerings need to be on the stand. It is often useful to have an area that is away from the public view so that potential customers -can discuss their needs with the salesperson in private. Some refreshments can be available and the quiet area can also serve as a rest area for stand staff. Some exhibitors employ temporary staff for the exhibition period; this has the advantage of freeing up the firm's permanent staff and avoiding the disruption of routine that exhibitions often cause, but can mean that the stand is staffed with people who have no long-term commitment to the firm and its success. A way round this is to use the temporary staff for leaflet distribution around the exhibition, to encourage visitors to visit the firm's stand.

The **sixth stage** of planning is to arrange for follow-up activities after the exhibition. A surprising number of exhibitors fail to do this with the result that the sales force is unable to follow up on leads generated (Blythe and Rayner, 1996). The main problem with delaying follow-ups is that the prospects will undoubtedly have contacted the firm's competitors as well (since they will almost certainly be at the same exhibition). This may mean that a delay allows the competition to get the business, so sales people should clear their appointment books for about a month after the exhibition in order to have time to do follow-up visits.

The **final stage** of planning is to arrange the logistics of the exercise. This means ensuring that the equipment, furnishings, promotional material and staff are all transported to the exhibition at the right time and arrive in good condition to make the exhibition a success.

Once the exhibition is over, two activities' need to be carried out: first, the follow-up sales activities (where appropriate) or follow-up promotional activities in the case of non-selling shows; second, evaluating the success of the show. This can be carried out by formal market research, or by counting the

number of leads generated, or the number of visitors to the stand, or whatever other means are appropriate to the objectives. Many exhibitors do not have systems in place for evaluating their activities (Blythe and Rayner, 1996).

It transpired that few companies had any formal evaluation systems in place, even for selling activities; still fewer had systems for tracking non-selling activities. The reasons given for this varied from a belief that the variables are too vague through to a view that the lead times involved in converting exhibition leads to sales made tracking impossible.

Undoubtedly these difficulties are perfectly valid, and of course for an individual firm in the field it may well be more expensive to find out the answers than it is to live with the problem.

More research is indicated into the reasons for firms not evaluating, but some possible reasons have been identified, as follows:

- The firm lacks the resources to carry out the evaluation.
- The activity is not important enough to warrant evaluation.
- The evaluation would be too difficult or expensive.
- The firm is owner managed and therefore the owner feels able to estimate the effectiveness of the exhibition without formal evaluation (Blythe, 1997).

Non-evaluation of such an expensive, time-consuming and (often) disruptive activity would seem to be perverse, to say the least. It would be hard to imagine a firm conducting, for example, a nationwide billboard campaign without evaluating the results, yet exhibiting represents more than double the national expenditure on billboard and outdoor advertising.

Next topic for discussion is personal selling

Lets see What is Personal Selling or Salesmanship  
Personal selling is an important method of selling.

“ It is the process of assisting and persuading a prospective buyer to buy a product in face to face situation”.

It involves direct and personal contact between the seller or his representative with the prospective buyer. It is one of the most effective methods of selling the products. Personal selling is by far the major promotional method used to increase profitable sales by offering want-satisfying products to the customers.

You can study this with help of some definitions given by eminent people like, according to **Peterson and Wright**,

“Salesmanship is the process whereby the seller ascertains and activates the needs or wants of the buyer and satisfies the needs or wants to mutual continuous advantage of both the buyer and the sellers”.

Salesmanship or personal selling involves face-to-face contact between the seller and the prospective customer with the intention of selling some products. Salesmanship is the art of so representing an offer that the prospect appreciates the need for it and that a mutually satisfactory sale follows.

By now its clear to you that the purpose of personal selling is not to ensure the present sale alone, but winning a regular customer. **G.Blake has rightly remarked**, “Salesmanship consists of winning the buyer's confidence for seller's gods thereby winning a regular and permanent customer”.



Salesmanship is pervasive in nature. It results in many benefits to the seller and also the buyer, aggressive salesmanship or selling by pressurizing the customers can pay only in the short run. **Aggressive selling is ethically bad.** Would you like somebody forcing his product on you? A good salesman should assist the prospect or customer in satisfying his needs by the purchase of products or services according to his capacity. Thus modern salesmanship is creative in its approach. Therefore you as a salesman should use problem-solving approach to ensure customer satisfaction.

**Personal selling is oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to “close the sale”**

Personal selling is one of the oldest forms of promotion. It involves the use of a **sales force** to support a **push strategy** (encouraging intermediaries to buy the product) or a **pull strategy** (where the role of the sales force may be limited to supporting retailers and providing after-sales service).

What are the advantages of using personal selling as a means of promotion?

- Personal selling is a face-to-face activity; customers therefore obtain a relatively high degree of personal attention
- The sales message can be customized to meet the needs of the customer
- The two-way nature of the sales process allows the sales team to respond directly and promptly to customer questions and concerns
- Personal selling is a good way of getting across large amounts of technical or other complex product information
- The face-to-face sales meeting gives the sales force chance to demonstrate the product
- Frequent meetings between sales force and customer provide an opportunity to build good long-term relationships
- There is a personal touch and the (probable) customer feels important, gives attention, listens carefully to what the salesman (Trained) talks, provides information about the product and watches carefully with interest the demonstration of the product shown to him/her by the salesman.
- Demonstration of the product operation, its salient features help in creating better awareness and acceptance by the customer/consumer/user of the product.
- Follow-up actions and persuasion to convert probable buyers/ customers into actual buyers are possible and prove to be fruitful.
- Consumer Queries and Apprehensions can be effectively answered.
- Where advertising is not ethically permitted (e.g. some special pharmaceutical products) in such cases advertising through personal selling is effective.

Given that there are many advantages to personal selling, why do more businesses not maintain a direct sales force?

### Main Disadvantages of using Personal Selling

The main disadvantage of personal selling is the cost of employing a sales force. Sales people are expensive. In addition to the basic pay package, a business needs to provide incentives to achieve sales (typically this is based on commission and/or bonus arrangements) and the equipment to make sales calls (car, travel and subsistence costs, mobile phone etc).

In addition, a sales person can only call on one customer at a time. This is not a cost-effective way of reaching a large audience.

You can understand that as there are advantages everything has its own limitations and I would like to make you familiar with them, as there is no foolproof method.

- **It's a costly method.** So marketers adopt it after doing great deal of cost-benefit analysis.
- **Field control is difficult** and also expensive.
- **Training of field staff is a specialized job** and so needs careful planning by experts in the field, its appropriate implementation and feedback.
- Coverage of possible buyers is limited.
- There is a general resistance in consumers mind to entertain the salesman.

### Objectives Of Personal Selling

I am explaining and putting across the various objectives of personal selling because every function is successful or achieved only if the objectives are clear.

1. You can use personal selling as an important method of demonstrating the product to the customers and giving them full product information, personal explanation is very effective to influence a customer's buying decision.
2. As a part of personal selling, the quality, price, use and benefits of the product have to be explained to the buyer. The product should satisfy the want and desire of the buyer.
3. As a good salesperson you should educate and guide the customers about the features and utility of the product. The cost benefit analysis should be made to the buyer.
4. Sometimes a salesman may find that the product does not fully satisfy the needs of the buyer, this information is used as a feedback by the manufacturer/production team to further innovate/improve the product.
5. During the process of personal selling, the salesperson has to assist the customer to arrive at correct decisions while buying certain products and also clarify his/her objections.

### The Personal Selling Process

The personal selling process consists of creating new customers and maintaining existing customers. Salespeople follow a series of steps in identifying prospects and turning them into customers.

1. **Prospecting is identifying potential qualified customers.** Prospects may come as referrals from existing customers, from suppliers, dealers, etc. Sometimes they come from analysis of public sources such as directories, newspapers, or public activities of the firm. Once prospects

have been identified, they need to be qualified or screened to see if they are good prospects.

2. **Pre-approach is planning the sales presentation to meet the customer's wants or to solve the customer's problem.** This involves gathering research about the prospect. The salesperson must determine where the specific target market consumer is in the purchasing process. In the approach, the salesperson meets and greets the buyer and puts the buyer at ease. At this meeting, the salesperson asks some key questions to get some essential information before getting the buyer's attention and launching into the presentation.
3. **Presentation is telling the product "story" to the prospect, showing how the product will solve a problem for the product.** The salesperson must build a case for how the product can serve the needs of the buyer. A need-satisfaction approach involves carefully listening to the buyer's needs and then clearly explaining how the product can satisfy those needs. Questioning and listening are more important than talking. Presentations using Microsoft's PowerPoint significantly enhance the professionalism of the presentation.

## Features and Benefits

To do an adequate job in planning a presentation, salespeople must understand the concepts of features, potential benefits, and confirmed benefits. Extensive research by Learning International, a major sales training and consulting firm, concludes that stating features and potential benefits may result in successful sales calls, or at least may lead to a continuation of the sales dialogue on the next sales call. This same research, however, concluded that a far more promising way to achieve sales call success is to seek customer confirmation of potential benefits. According to Learning International, successful sales calls have approximately five times as many confirmed benefit statements than for unsuccessful sales calls.

A feature is a factual statement about a characteristic of the product or service being sold.

## Examples of Features

- Natural surface cohesiveness of ULTRAMID, a high-tech plastic golf club
- Bell-shaped nozzle on vacuum cleaner
- Daily delivery of Frito-Lay potato chips
- Technical support personnel for a computer system

A potential benefit describes how the product or service may meet a customer need that is assumed to be important by the salesperson. When a customer acknowledges the importance of a benefit to his or her buying situation, it is a confirmed benefit. In selecting specific benefits to be stressed, salespeople should focus on any unique benefits not offered by competition, as long as the benefits are of interest to the prospect. These might include product benefits, along with non-product related benefits such as delivery, extraordinary customer service, or additional sales support available to the customer.

### Examples of Corresponding Benefits

- Better launch angle

- More distance on shots
  - Optimum airflow improves cleaning ability
  - Retailer can reduce inventory costs
  - Product freshness leads to customer satisfaction
  - Assistance in installation, maintenance, and expansion
4. **Handling Objections raised by the prospect takes a great deal of skill and training.** The salesperson must be able to identify the real reasons for an objection, respond to the objection, and overcome it. Objections provide the salesperson with the opportunity to learn more about the customer's needs and provide information about the product to satisfy those needs.
  5. **Closing the sale is asking the prospect for an order.** The salesperson must be able to recognize the signals that indicate the prospect is ready to close.
  6. **Follow-up is essential to building a relationship between the seller and the buyer.** The salesperson follows-up to ensure that the buyer received the right products in the right condition at the right time. Any problems or concerns on the part of the buyer after the sale are addressed immediately. The salesperson demonstrates continued interest in the account and a desire to satisfy the buyer's needs on an ongoing basis.

## Notes

[illegible]

## LESSON 32:

PERCENTAGE OF SALES, PER UNIT, COMPETITIVE  
PARITY, TASK, EXECUTIVE JUDGMENT, OVERVIEW OF  
MEDIA COSTS, GUIDELINES FOR BUDGET ALLOCATION,  
RELATIVE COSTS OF VARIOUS PROMOTIONAL  
TECHNIQUES AND LOW- AND HIGH-BUDGET  
CAMPAIGNS

### Objective

Students by the end of this lesson all of you will understand the different ways of setting the advertising budget and so that you understand the concept well we will be discussing a case study focuses on the need of advertising budget in times of economy downturn.



There are various methods of deciding on advertising budget. This decision will be largely influenced by the objective that we set for the campaign. For example if there is a new product launch then the advertising campaign will have to be high where as for launching a repeat campaign one would like to spend less. Before getting on to different ways of budgeting try and understand how to establish advertising budget.

### How to Establish an Advertising Budget

A sound advertising and marketing approach is the cornerstone to any businesses success. If your message isn't heard your target audience can't possibly buy your product or service. It's like winking to someone in the dark ... only you know what you're doing.

Your advertising needs to project positive awareness, perceived value, and identity recognition, to the correct target group. For example, advertising Windows 98 to the 65 and over age group probably won't bring in the sales projection of one million in one week - however the 18 - 34 age group will positively identify with the Windows message.

In any event, there are many ways to communicate your message, and many advertising vehicles available to communicate that message. To arrive at a plan that makes sense

establishing an advertising budget is integral. How you determine that budget is what this article is all about.

When it comes to deciding what to spend on advertising within the corporate environment, many managers typically resort to one of three methods: history, sales, and/or margin.

Historic budgeting based on corporate experience or philosophy simply involves taking last year's allocation and adjusting for inflation. It would most likely be used in a mature product/service area, when normal sales growth and profit contributions can be expected. Percentage-of-sales and percentage-of-margin budgeting are somewhat more refined in that they reference actual industry averages, such as those published in the trade magazine Advertising Age. These range from a whopping 15% of sales budgeted to a mere 0.4% depending on the type of business you're in. At the very least these percentages provide you with a benchmark as to how other businesses are allocating their marketing dollars. As a true budgeting method they fail to take into account the vast array of differences in marketing strategy, competitive strategy, as well as changes in their own company sales or marketing plans.

These three methods are most helpful when used as a baseline for determining advertising expenditures, a starting point from which you base your initial budgets with. However, you need to account for a number of factors to arrive at a budget that reflects your business's complete advertising needs.

These factors are as follows:

- **Market Position**  
Are you the leader, the new guy on the block, or somewhere in between? If you're the leader, are you comfortably maintaining your top position? Or is the market heating up? Your advertising budget will certainly reflect your goal of holding the market share or aggressively building share.
- **Product or Service**  
Are you selling a product or service in an established or new market? Are you introducing a new and improved product or service? A new product line or catalog item will require above average spending to push the new item to your target markets. You want to create a top-of-the-mind association with your target audience, which will require advertising saturation.
- **Market Size**  
Is the market for your product or service large, and intensely competitive? Or narrow and highly specialized? Do your research.
- **Timing**  
Do you have a limited window of opportunity to sell your product or service? Or is it in high demand all year?
- **Sales Force**  
Do you have a large sales network behind you? Sales

promotion? Coop? Or do you rely almost exclusively on advertising to generate sales?

These are just a few of the factors that need to be considered when arriving at an advertising budget. If you are unable to arrive at a complete budget internally or feel you have been throwing advertising dollars out the window, a qualified advertising agency should be able to point you in the right direction. Your agency should be able to arrive at a budget that makes sense. No business is the same, so there is no “cookie cutter” answer. Only sound research will provide you with the numbers you need.

Your agency will provide you with a level of advertising history to make impressions, provide you with a detailed analysis of what your competition is spending regionally or nationally, and propose creative cost effective alternatives to traditional advertising. Regardless of the budget size, getting the most for your dollar should always be priority. This is what we do at Communiqué. Contact us directly to discuss your advertising, no obligation at all ... we're here to help.

In summary, company history and industry norms can be valuable starting points but should not be considered standard. It is important to research your budget to the smallest detail and to generate the most effective use of the advertising dollar. With advertising budget approach you are almost guaranteed increased revenues, increased visibility, increased sales, and favorable positioning - and ultimately that's what you want from your advertising dollar.

The most commonly used advertising budgeting method include

1. **Percentage of Sales Volume:** The percentage is worked out on the basis of a firm's historical budget, industry norms or on the basis of the prevailing market conditions. If the market has started an upward trend then one percent extra amount will be put for advertising budget. Following this method without considering market conditions may create problem. If the firm's market share is in a downward trend then the firm may decide to increase the advertising budget. If the product is in the disinvestments stage, then disinvestments may be an option. In such a case only marginal advertising budget is sufficient to clear the stock. If the firm realizes that at the decline stage the competitors are moving out then the firm can decide to take the leadership position through aggressive advertising.
2. **Unit of Sale Method:** Consumer durable firms make use of this method as a variant on sales percentage. While it mostly works out same as a sales percentage, here the firm puts an amount of advertising expenses on the unit as add on.
3. **Competitive Parity Method:** the firm must carefully study Competitive information regarding their sales, distribution pattern and advertising. It will provide the correlation between the competitive sales and advertising effort. Depending on the firm's strategy of increasing market share or steadying the share, decision can be made to have a bigger or smaller budget than competition. Instead of reacting to competitor advertising results, firms can be proactive in their

approach by planning their own goals of marketing and then the advertising budget will emerge.

4. **Historical Method:** In this method last year's advertising budget is adopted for the year with a view that practically no change has taken place in the market and market growth is slow, which does not justify any addition to the budget. Last year's budget could be multiplied by a factor to cover media rate increase.
5. **Affordability Method:** Some firms believe that advertising is tactical and not strategic and hence does not need much attention. These kinds of firms follow a method of affordability and spend what is left after managing the details of the official expenses involved in paying to the factors of production.
6. **Total Group Budget:** In case of multi location and multi product line firms, a total amount is decided as advertising and each strategic business unit receives a share according to their needs. This method helps the group to segregate some amount for corporate group advertising for building the image of the organization.
7. **Percentage of Anticipated Turnover:** This method is useful in dynamic markets and budget can be fixed on the estimated demand pattern than the current year sales.
8. **Elasticity Method:** This method takes in to account the seasonality of business and the periodicity in the purchase cycle of consumers in to consideration. This method takes in to consideration the demand and supply situation and is more used in industrial products.
9. **Operational Modeling:** Market research gives advertising expenses, market response and sales per advertising figures and the modeling is done to explain the budget.
10. **Composite Method:** This method takes in to consideration several factors in formulating the advertising budget which include indices like firm's past sales, future sales projection, production capacity, market environment, sales problems, efficiency level of sales personnel, seasonality of the market, regional considerations, changing media scenario and changing media impact on the target market segment, market trends and results of advertising and marketing.
11. **Objective and Task Method:** Marketing people follow this method more often as this is a scientific method where the advertising goals are explicitly stated and the cost to achieve the target is also spelt out. Taking each activity like increasing geographic sales area, increasing market awareness by a certain percentage over the figure obtained from the brand tracking study, they add up the amounts needed for each activity.

We can illustrate the process as below:

1. **Establish the Market Share goal:** let's say the company estimates 50 million potential users and sets a target of attracting 8 percent of the market i.e. four million users.
2. **Determine the percentage of the market that should be reached by advertising:** The advertiser hopes to reach 80% (40 million prospects) with the advertising budget.
3. **Determine the percentage of aware prospects that should be persuaded to try the brand:** The advertiser would be pleased



if 25 per cent of aware prospects (10 million) tried the brand. This is because it estimates that 40% of all triers or 4 million people would become loyal users. This is called the Market Goal.

4. Determine the number of advertising impressions per 1 per cent of trial rate: the advertiser estimates that 40 advertising impressions (exposures) for every 1 per cent population would bring about a 25% trial rate.
5. Determine the number of Gross Rating Points that would have to be purchased: A Gross rating Point is one exposure to 1 per cent of the target population. Because the company wants to achieve 40 exposures to 80% of the population, it will want to buy 3,200 gross rating points
6. Determine the necessary advertising budget on the basis of average cost of buying a gross rating point. To expose 1 per cent of the target population to one impressions costs an average of Rs. 3277/-. Therefore, 3,200 gross rating points would cost Rs. 10,486,400 in the introductory year.

Go through this article and summarize you finding

Imagine this: You are flying at 30,000 feet. The captain announces that a huge storm is approaching. He then informs you that he is running low on fuel. If he lowers the speed to conserve fuel, the storm may overpower the plane and take it off its course. He may then not have enough fuel to find his way back to reach the destination. If he increases speed to surge through the clouds, he runs the risk of exhausting his fuel faster. Now he gives you the option of lowering the speed to conserve fuel or to go full throttle to surge through the clouds.

### What would you Choose?

Supporting a brand through an economic downturn is much like a plane caught in a storm with low fuel. Of course, one has the option of conserving the juice. However, after the saving, whether the brand will be able to recover from the effects of a nosedive or not is a million-dollar question. Nobody has seen the future, but we have the option of looking back. Time and again, advertising professionals have tried to prove that advertising in times of recession has helped brands in the long run. The Harvard Business Review covered 200 US companies during the recession of 1923-25. During the period of post-recession recovery, companies that spent more money on marketing expenses achieved higher sales. This study was not accepted by most because it did not record the profit indicators.

In 1999, PIMS (Profit Impact of Marketing Strategy) conducted a special analysis of 183 UK-based companies in periods of recession and recovery. Of that lot, 110 cut ad spends, 53 chose to maintain at the same level and 20 increased expenditure. During the period of recession, the ones that spent more made the least profits. However, during the period of recovery, the scroungers saw their profit grow by 0.8 per cent, whereas the spenders saw a hefty 4.3 per cent points growth. This more than made up for the lower profits during the period of recession. As for market share, the cost-cutters saw 0.6 per cent point growth as against a hefty 1.7 per cent appreciation for the spenders, during the recovery period.

The study most conclusively proved that the good costs that one should focus on during recession are:

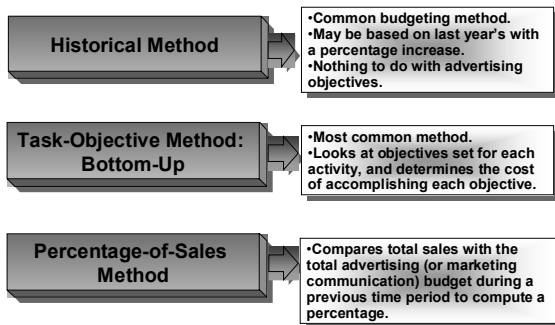
- Marketing communication Product quality enhancement
- New product development Whereas the bad costs that should be curbed during recession are:
- Manufacturing overheads
- Administrative overheads
- Fixed capital
- Working capital

If these are effectively cut, there should be enough money to spend on the good costs. Such examples supporting advertising spends during recession are quite common in the annals of marketing history. Closer home, there are enough examples from countries that faced the Asian meltdown. Here, brands that spent maintained their leadership position and, in some cases, surged ahead of the competition.

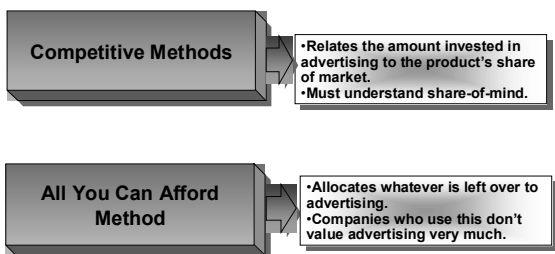
Some recent analyses during our current phase of economic slowdown throw up interesting facts in support of advertising. In the sub-popular soap category, Breeze has upped its Gross Rating Points (GRP) by 47 per cent over the year 2000 to achieve a 20 per cent value growth in sales. As against that, Lux has maintained its GRPs to see some decline in sales value. Similarly, in the category of hair dyes, Godrej—the market leader—has grown by more than 20 per cent in value by increasing GRPs by a comparative amount. These are some indicators that hard times have not dampened the desire to look good and feel good. As a matter of fact, there is an indication that despite recession, businesses such as mortgage, insurance, snack foods, home furnishings and house wares, to name a few, continue to do well. Perhaps, investing, feeling safe and feeling good are the more basic needs during a phase when people are generally feeling depressed?

While on one hand periods of economic slowdown are a good time for established players because consumers don't want to take chances, it's also true that during such uncertain times there is a tendency to trade-down. Therefore, recession is also a great opportunity for challenger brands that spend heavily to communicate brand values that lead to a churn. One such example in recent times is Akai TV from Baron. At a point when the color TV business was growing annually at the rate of eight per cent (value) and the total advertising outlay for all brands put together was Rs 830 million, Akai came up with a proposition for upgrading from black-and-white TVs on one hand and moving from 21" to 29" TVs on the other; all this at never-before, attractive prices. Akai achieved some dramatic results in terms of market shares with an aggressive advertising budget that supported a hefty 16 per cent share-of-voice (SOV). Akai reached a 13 per cent market share in less than two years. What really happened as a result of this brave and defiant move from Baron was that the color TV market saw a growth of 18 per cent and, in the following year, the category grew three-folds.

## The Advertising Budget



## The Advertising Budget



## Budgeting Decisions

Budgeting decisions involve determining how much money will be spent on advertising and promotion each year and how the monies will be allocated

### Two major decisions

- Establishing the size of the budget
- Allocating the budget

### Calculating Your Ad Budget

Before you Pour Money into Advertising, Figure out Exactly How much you should Spend

August 05, 2002

By Roy H. Williams

Q: I've never really done much advertising for my business; I've always relied on networking and word-of-mouth. Now I'd like to launch a small campaign, but I'm frightened it will cost a lot of money. How can I figure out where to start?

A: The first thing you must do is calculate your minimum and maximum allowable ad budgets:

Step 1: Take 10 percent and 12 percent of your projected annual, gross sales and multiply each by the markup made on your average transaction. In this first step, it's important to remember that we're talking about gross markup here, not margin. Markup is gross profit above cost, expressed as a percentage of cost. Margin is gross profit expressed as a percentage of the selling price. Sell an item for \$150 when it only costs you \$100, and your markup is 50 percent. Your margin, however, is only 33.3 percent. This is because the same \$50 gross profit represents 50 percent of your cost (markup,) but only 33.3 percent of the selling price (margin.) Most retail stores in America (carpet, jewelry and so on) operate on an average markup of approximately 100 percent, some operate on as little as 50 percent markup and others add as much as 200. More expensive items, such as cars, recreational vehicles and houses, typically carry a markup of only 10 to 15 percent.

Step 2: Deduct your annual cost of occupancy (rent) from the adjusted 10 percent of sales number and the adjusted 12 percent number.

Step 3: The remaining balances represent your minimum and maximum allowable ad budgets for the year. At this point in the calculation, you may learn that you've already spent your ad budget on expensive rent, or you might also learn that you should be doing a lot more advertising than you had previously suspected.

Now let's calculate an ad budget. Assume that my business is projected to do \$1 million in sales this year, I have a profit margin of 48 percent, and my rent is \$36,000 per year. The first thing to do is calculate 10 percent of sales and 12 percent of sales (\$100,000 and \$120,000, respectively). Second, we must convert my 48 percent profit margin into markup, because markup is what we've got to have to make this formula work. Most business owners know their margin by heart, but never their markup. To make the conversion from margin to markup, simply divide gross profits by cost. Dividing \$480,000 (gross profits) by \$520,000 (hard cost) shows us that a 48 percent margin represents a markup of 92.3 percent. Bingo.

Now we multiply \$100,000 times 92.3 percent to see that our adjusted low budget for total cost of exposure is \$92,300. Likewise, we multiply \$120,000 times 92.3 percent to get an adjusted high budget for total cost of exposure of \$110,760. From each of these two budgets, we must now deduct our \$36,000 rent. This leaves us with a correctly calculated ad budget that ranges from \$56,300 on the low side to a maximum of \$74,760 on the high side.

Most advertising salespeople will tell you that "5 to 7 percent of gross sales" is the correct amount to budget for advertising, but don't you believe it. It simply isn't possible to designate a percentage of gross sales for advertising without taking into consideration the markup on your average sale and your rent. Yes, expensive rent for a high-visibility location is often the best advertising your money can buy, since a business with a good sign in a high-visibility location will need to advertise significantly less than a similar business in an affordable location. To prove this, just look at the example above and change the rent

to \$75,000 per year. In this case, the ad budget would range from \$17,300 to \$35,760, representing just 1.7 to 3.5 percent of sales. The formula I've given you is the only one that reconciles your ad budget with your rent as well as the profitability of your average sale.

Go through this Article it gives you Better Insight as far as Spending are Concerned

### How Much to Spend on Advertising

By Joel Dean

The determination of advertising expenditures can be accomplished, at least theoretically, through the use of marginal analysis. The difficulty is, of course, that advertising costs have no necessary relationship to output.

The author of this article concludes that most methods which are used to determine the size of the advertising budget have no economic basis and the despite its limitations economic analysis can be helpful in reaching better decisions about advertising expenditures.

Every important enterprise in the country wrestles unhappily with the problem of how much to spend on advertising. Despite the vast amount of money involved in this decision, most executives have to play by ear. Few firms have a valid theoretical or research basis for deciding whether the advertising appropriation should be \$100,000 or \$200,000 a year. The purpose of this article is to appraise the principal methods that are now used for making this decision.

As a background for this appraisal we shall examine briefly the contribution of economic theory, specifically in the form of marginal analysis.

**Author's Note:** A number of people were kind enough to read this manuscript and suggest improvements: Stephen Taylor and Philip Brooks of Joel Dean Associates; Professors James Bonbright, Carl Shoup, and Howard Nixon of Columbia University; Ralph Cordiner and Robert Peare of the General Electric Company; and A.L. Nickerson of the Socony-Vacuum Oil Company.

For a fuller discussion of these and related thoughts see my forthcoming book, *Managerial Economics*, to be published by Prentice-Hall, Inc., in February,

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Unavoidably, therefore, much of the discussion is in the no man's land between the abstract analysis of the economic theorist and the largely intuitive performance of the practitioner. The fact is that there is no sure or easy way to determine how much to spend on advertising, and the various methods widely used for that purpose have serious weaknesses, which show up against a background of economic analysis.

### Contribution of Economic Theory

Economic analysis of the role of advertising (and other pure selling costs) in the competitive adjustment of the enterprise has developed concepts that can be made useful in planning and controlling advertising outlays.

Economical analysis is a basic economic approach to all business problems, including the determination of the total advertising outlay, and it is, at least logically, superior to other methods. It says that advertising expenditure for each product should be pushed to the point where the additional outlay equals the profit from the added sales caused by the outlay. The resulting total is the advertising budget that will maximize advertising profits in the short run.

To implement this approach, a comparison is needed of what would happen with and without the advertising outlay in question. This knowledge of the marginal effect of advertising is extremely difficult to obtain. If the effect can be estimated with tolerable reliability, however, the marginal approach provides a rational solution, not only for the total budget but also for its allocation among years in the business cycle and among products, areas, and media.

### Nature of Advertising Costs

The distinctive nature of advertising costs makes the analytical problem of determining the most profitable advertising outlay much more complex than an analysis using only production costs. Production costs (and physical distribution costs that behave like them) are functionally related to output (or sales) and can therefore be budgeted and controlled by such relationships. Advertising costs, in contrast, have no necessary functional relationship to output; they are a cause, not a result of sales.

Advertising, like pricing and product innovation, is a device for manipulating the firm's sales volume. Price affects the volume obtainable under specified demand conditions, while advertising and product improvement alter these conditions by changing the public attitude toward the product and thus shift the whole relation of sales to price. Hence profitability depends on the most advantageous combination of price, product improvement, advertising outlay, and other selling activities. Since the practical problem is often to get the right combination of advertising and other marketing activities, the problem of the advertising budget is not alone, "How much should the total selling effort be?" as economists have usually conceived it. It is also, "What part of the selling job should be done by impersonal, mass selling, as opposed to personal selling?" These various influences are, of course, interactive. The price changed, for example, may affect the responsiveness of volume to additional advertising expenditures; changes in the product are almost certain to do so; and the price that will make the most money may be different when advertising is stepped up or when the product is improved.

For economic analysis, this is a problem of solving several simultaneous equations, an intellectually intriguing pastime that rarely makes sense or profits for businessmen. But the problem can easily be cut down to manageable proportions by restricting analysis to the short run, say one year, and by making some assumptions about prices and costs. We shall proceed to develop this kind of analysis.

### Simplified Marginal Approach

The marginal approach to advertising outlays is illustrated in its simplest form in Exhibit 1. Advertising cost is assumed to

include only pure selling costs, physical distribution costs being included in production costs. Incremental production costs (i.e., the added costs of producing an additional unit of the product) are assumed to remain the same, 20 cents a unit, over the practical range of sales. The price of the product is also assumed to remain constant over this range. (Hence the average revenue and marginal revenue of economic theory are equal and constant.) Under these circumstances the incremental profit from an added sale is 50 cents a unit. Incremental advertising cost (i.e., the additional advertising outlay that will be required to sell an additional unit of output) is drawn as a curve, which first declines, then is constant, and then rises at an accelerating rate.

The rising phase of the advertising cost curve represents the important part of our problem since, if advertising is to be done at all, it should be expanded until diminishing returns set in.

The upward trend in the curve reflects primarily the tapping of successively poorer prospects as the advertising effort is intensified. Presumably the most susceptible prospects are picked off first, and progressively stiffer resistance is encountered from layers of prospects who are more skeptical, more stodgy about their present spending patterns, or more attached to rival sellers. The rise may also be caused by progressive exhaustion of the most vulnerable geographic areas or the most efficient advertising media. Promotional channels that are ideally adopted to scale market of the firm are used first. (Actually, for firms with expansible markets, the advertising cost curve may have several minimum points corresponding to most efficient use of different media appropriate for different-size markets, e.g., newspapers, billboards, magazines, radio)

From the diagram it is clear that advertising should be pushed to the point where the advertising cost curve intersects the price line. Sales should not be expanded to a level where it costs more than 50 cents in advertising to get another sale, since that sale would bring only 50 cents of profit over incremental production costs. In general, advertising outlays should be increased in every market and medium up to the point where the additional cost of getting more business just equal the incremental profits from that business.

Considering the totals that appear in an income statement, rather than thinking in terms of increments, may clarify the results of our interpretation. The total production cost of a given output is represented on the diagram by the area under the incremental production cost curve up to that output. Similarly, the total sales revenue, is shown by the area under the price line, and the total advertising cost by the area under the curve of advertising cost. The area between the price line and the advertising cost curve is the total net profit left after advertising expenses and is clearly largest when output is at the point where marginal advertising cost is 50 cents a unit.

The assumptions underlying this simplified exposition are fairly realistic. A passive price policy is common enough, at least for short-run adjustments like these under study here. Hence a constant price (i.e., a price that is not changed as a result of charges in advertising outlays) is a moderately good approximation to reality. As to the cost assumption, empirical findings for

industries whose production is mechanized indicate that incremental production costs are usually constant over the range of output that is significant for determining advertising policy in the short run. Finally, there is much theory and some empirical evidence to support the shape of the advertising cost function drawn here. Abstracting from fluctuations in business conditions and consumer incomes in a necessary simplification which sharpens the incremental character of the measurement problem, viz., to find the added sales with advertising, as against sales without it.

### Limitations

The main hitch in the marginal approach is the difficulty of estimating incremental advertising cost. The relationship of advertising to sales is more intricate than short-run marginal analysis indicates; for example, the important and difficult problem of rivals' reactions is left out. Under most circumstances the difficulties of predicting response large, gauging the quality of advertising, and allowing for the reservoir effect of past advertising frustrate efforts to isolate the impact upon sales of additional advertising outlays.

Even when the advertising cost curve can be estimated with some reliability, the validity of the cut-off criterion proposed by marginal analysis comes into question, because much advertising is an investment rather than an expense. The objectives of advertising are often dominantly long range, such as eternal life for the firm and a place in the sun. For example, advertising may be designed to step up volumes to the point where savings of large-scale production and research are more than a match for any new entrants, or advertising may be focused on achieving product acceptance that will permit some price premium over less familiar brands. Long-range goals such as these are difficult to tie down to a concept of incremental profits that provides a definitive cut-off for advertising.

Despite these limitations inherent in static economic analysis, the marginal approach to determination of outlay make a conceptual contribution of practical importance. Except for long-run investment advertising, it provides in concept a simple and definitive test of how much to spend and when to stop. As such it is useful as a guide in thinking about advertising appropriations and in determining what to shoot for in estimates – in short, in guiding empirical measurement. The fact that it manipulates esoteric functional relationships and assumes that the businessman has knowledge when he does not have it may restrict its immediate usefulness. But these very restrictions may broaden its future usefulness by raising the kind of questions that empirical research should try to answer.

### Practical Applications in Direct Mail

Perhaps the most promising area for applying the marginal approach quantitatively is direct mail advertising. Here the distorting conditions that make it hard to find the marginal cost of advertising are often at a minimum. Keyed responses make it possible to trace a large part of the results directly to a specific advertisement. Quality of copy can be held constant (or manipulated independently) by sending the identical copy to large numbers of prospects. The cumulative effects of advertising are usually less troublesome, and response lag is short enough so that cyclical changes do not cause important distor-



tions. Finally, and perhaps most important, sectors or strata of prospects can be walled off and tapped separately.

These conditions make it possible to establish a ladder of susceptibility by sampling measurements of marginal advertising cost, and to set up a stop-loss signal based on incremental profit. An outline of the way a publisher might determine the amount to spend on direct mail advertising in promoting a specific book will illustrate how the incremental approach can be applied quantitatively. **In this sort of advertising, the procedure can be sketched by the following steps:**

1. Marshal the candidates for direct mailing in the form of mailing lists. These lists will vary in "quality", i.e., appropriateness for the particular book.
2. Array the lists in a guessed ladder of susceptibility to direct mail advertising.
3. Starting at the top of the ladder and working down, test each list by sending the promotional literature to an efficient sample of the list.
4. Estimate the probable marginal advertising cost of each list by computing the ratio of (a) the added advertising cost of the mailings to (b) the sales obtained from the sample mailings (e.g., for List A, 50 cents a copy).
5. Estimate the incremental profit per copy. Roughly, it is the spread between price and incremental printing costs (e.g., \$1.00 a copy).
6. Rearrange the sample lists in a new ladder in respect to the estimated marginal cost of advertising. Starting at the top, make full mailings to each list down to the rung where incremental profit just fails to cover estimated marginal advertising cost (e.g., stop at List M, where a marginal advertising cost of \$1.00 a copy was indicated by the sample).

#### Alternative Methods

Having reviewed a theoretical foundation of selling cost analysis as applied to advertising, we turn now to the methods that are actually used to determine advertising outlays. Our central concern is with the philosophy underlying outlays. Our central concern is with the philosophy underlying the methods rather than with the mechanics of administrative controls. We shall use "budget" and "appropriation" interchangeable, though a distinction might be made between the long-range expenditure plan (budget) and the outlay authorized for a given year (appropriation). The words "expenditure" and "outlay" will, unless otherwise qualified, apply to future plans and will refer to the budget.

As for the marginal approach reviewed in the preceding section, its impeccable logic provides a criterion for appraising the methods described in this section, even though its problems of application are at times insurmountable.

#### Several alternative approaches to the problem of planning total advertising expenditures will be examined:

1. A fixed percentage of sales;
2. All you can afford;
3. Whatever amount promises a better than specified return on investment;
4. The amount needed to attain advertising objectives; and
5. The amount needed to match competitors' advertising.

#### Percentage-of-sales Approach

Determination of the advertising budget as a percentage of past or expected sales is a method that was dominating in the past and is still widely used. A survey of budgeting practices of industrial users in 1939 made by the national Industrial Advertising Association and reported in the Sales management Handbook<sup>1</sup>

1. J. C. Aspley, Editor (Fifth Edition, Chicago, The Dartnell Corporation, 1974) showed that 48% of the 383 respondent companies used some variant of the percentage-of-sales method. Neil H. Borden, in *The Economic Effects on Advertising*,<sup>2</sup>
2. (Chicago, Richard D. Irwin, Inc. 1942), Chapter 25 points out that of 215 companies advertising consumers' goods in 1935, 54% stated that their appropriations were a predetermined percentage of sales, either of the past year or of the year of the budget.

The Method has Several Variants It can use either a fixed percentage of a percentage that varies with condition; it can be based either on historical or on projected sales; and it can be stated either in dollars or in physical volume

This general approach to the problem is hard to support analytically. The purpose of advertising is to increase demand for the company's products above what it would otherwise be. A stable or declining demand is not evidence that advertising is ineffective, for without it sales might have been even lower. It must be remembered that advertising is a cause, not a result, of sales. The amount to be spent in shifting the demand schedule should depend on how much the shift is worth. The volume of sales the company already has tells nothing about the cost or the worth of getting more.

It would appear even less rational to base the budget on the volume of sales that the company expects to get. Sales will be the result in part of the level of national income and the accumulated effects of past advertising, not only of the advertising that is currently being decided on. To the extent, that sales are determined by forces other than current advertising, the criterion of expected sales is irrelevant. To the extent that they are determined by future advertising, the criterion is based on circular reasoning.

How, then, can the widespread use of this method be explained? To some extent it may be due to top management's desire for the certainty and the illusion of control that comes from relating this essentially discretionary element of expense in a systematic way to revenue. There is an element of safety in limiting advertising outlays in this manner, since expenditures are timed to come when the company has the gross revenue to afford them and when their tax effect may be favorable. But this element of safety could be better found, as in the marginal approach, by making advertising a function of expected profit, which normally fluctuates cyclically more violently than expected sales. If this method rests upon the belief that the added sales per dollar of advertising are higher when national income is

high, it would be more logical to make advertising outlay vary directly with national income.

Another possible explanation for the popularity of this method stems from competitive relationships. If all, or most, members of an industry used this method and employed the same percentage of sales, competitors' advertising outlays would be roughly proportional to their market shares. This condition would have a restraining effect on competitive warfare in advertising, and would ease ulcers in peace-loving firms.

Much advertising is essentially defensive anyhow.

Thus, although the percentage-of-sales approach appears on its surface to have no logical justification, it has features that make it attractive: It provides a formula answer with an illusion of control; it permits the cyclical timing of outlay to fluctuate roughly with ability to pay; and it may tend toward competitive stabilization. But inertia and the lack of a more logical and equally definitive standard are probably the most important explanations for the popularity of this essentially mechanistic method.

#### All-you-can-afford Approach

An approach to the determination of the advertising budget, which is probably more widely used than most executives would admit is for a company to spend on advertising all that it can afford. In practice, this amount is sometimes a predetermined share of the profits, though sometimes it is gauged by the amount of liquid resources and borrowable funds. The result of this policy is that advertising is often the first expenditure to go because it does not involve long forward commitments and does not disrupt the organization so much as other major curtailments, and because long-term results are less tangible than the results of other kinds of outlay.

At first blush this method seems to make no sense at all, yet on further analysis it appears that the effects of advertising outlays upon profits and liquidity are important considerations in setting outer limits for advertising. These limits may prove to be beyond the range of profitable advertising outlays (e.g., for a producer of power plant apparatus), but they are often well within it. In any event, these limits ought to be staked out. Normally a time lag occurs between advertising outlay and sales results. Even if the advertising outlays bring highly profitable results ultimately, financial embarrassment may develop if short-term cash and credit limits are ignored – especially if the time lag of response is long. The limit of what a company can afford ought to be set ultimately by the availability of outside funds. The firm's resources in this sense set a real limit on advertising outlay. However, the mere existence of a limit is no reason for shooting at it. It may be far above the amount of advertising that is profitable.

The effect of advertising outlay upon the company's earnings statement is also a valid factor in timing. Even though an added thousand dollars of advertising brings a smaller increment of sales and profits at a profits peak, it may be justified because the government pays 45% or more of the outlay, and because a lower earnings figure is often more respectable at such times. Corporate income taxes favor concentration of advertising at cyclical peaks and penalize attempts to accumulate advertising reserves to be spent in depressions. One reason is that future

tax rates are quite likely to be higher in prosperity than in depression, and the carry-back and carry-forward provisions of the law are probably inadequate to remove this tax incentive for bunching of expenditure. Moreover, Section 102 discourages retention of earnings for future depression advertising. The vast amount of money spent during the Second World War in advertising unavailable civilian products showed the widespread acceptance of the philosophy of relating advertising outlays to profits, with a weather eye on their tax effects<sup>3</sup>

<sup>3</sup> See Jerome D. Scott, "Advertising When Buying is Restricted," *Harvard Business Review*, Vol. XXI, No.4 (Summer 1943), pp. 443 - 454.

Union negotiations and public opinion also frequently make it embarrassing to show high profits in prosperity; hence timing advertising outlays to manipulate reported earnings makes sense as a modification of a strictly marginal approach. Considered purely as a capital investment in distant-future benefits, It may be desirable from the viewpoint of capital budgeting to limit advertising outlay of an earnings plow-back nature to some fixed proportion of current earnings. Over the cycle this method would lead to advertising outlays that fluctuate violently, for a company's profit cycle normally has much greater amplitude than its sales cycle. It might lead to unprofitable curtailment in hard times.

Used uncritically, the all-you-can-afford approach is unsatisfactory, largely because there is no relation between liquidity and the richness of advertising opportunities. If another \$1,000 of advertising will bring in \$2,000 of added profits, is hard to say that it cannot be afforded. A management that limits advertising to liquid funds or to percentages of profits is probably overspending at some times and foregoing money-making opportunities at others.

The all-you-can-afford method, however, is helpful in some ways in determining the advertising appropriation. (1) It produces a fairly defensible cyclical timing of that part of advertising outlay that has cumulative, long-run effects. (2) when marginal effectiveness of advertising can be guessed, it budgets well for firms operating effectiveness of advertising can be guessed, it budgets well for firms operating short of the point where incremental advertising costs and profits are equal. (3) When nothing can be known about the effects of advertising, it sets a reasonable limit on the gamble. Actually, everything above a respectable return on capital might be spent on advertising, since excess earnings could be considered to have low utility to management compared with the possible contribution of continuous advertising toward eternal life for the firm.

#### Return-on-investment Approach

Advertising has two effects: (1) It increases sales today. (2) It builds goodwill to increase sales tomorrow. The first involves primarily problems of selecting the optimum output rate for maximizing short-run profits. The second involves selection of the pattern for investment of capital funds that will produce the best scale of production and maximum long-run profits. Thus, another approach is to treat advertising primarily as a capital investment rather than as a current expense. Determination of the amount of advertising then becomes a problem of capital

expenditure budgeting Advertising investment must compete for funds with other kinds of internal investment on the basis of prospective rate of return.

Although each piece of advertising affects both immediate sales and the long-run goodwill structure, the relative importance of the two effects can vary widely. At one end of the spectrum is institutional advertising, with a long time lag and untraceable effects – e. g., using radio programs featuring symphony concerts. This is almost pure capital investment. At the other end is advertising of special sales events by retail establishments. Such advertising usually has only a small element of capital investment. Metrical separation of these two components is probably impossible. Interaction makes the problem even more complex since the level of the reservoir of cumulative goodwill modifies the efficiency of advertising directed at immediate sales. The only possibility, and that a slim one, is to use multiple correlation analysis<sup>4</sup>

4 See Sydney Hollander, Jr., “A Rationale for Advertising Expenditures,” *Harvard Business Review*, Vol. XXVII, No. 1, (January 1949), p. 79.

The timing of advertising over the years resulting from a return-on-investment approach differs unpredictably among companies. The pattern depends on the philosophy of budgeting and on the prospective profitability of capital expenditures that vie with advertising for funds. Only if the prospective return on institutional advertising has sharp cyclical fluctuations will anything but an accidental cyclical pattern evolve from this criterion alone. This may be unimportant in some cases, where the lag in response is long and diffused. But dimming memories and the incursions of rivals usually dissipate the goodwill built by advertising through evaporation or run-off. This is particularly dangerous when costs of re-entering lost markets are high. Hence a part of the advertising investment problem is to find what rate of current expenditure is required to offset this deterioration and to maintain the level of this goodwill reservoir. Thus concept analogous to plant replacement operates in estimating return on advertising investment.

The chief deficiency of the return-on-investment approach is the difficulty of even guessing at the rate of return on advertising investments. Problems of distinguishing investment advertising from outlays for immediate effect; problems of estimating the evaporation of the cumulative effects of advertising; and, most important, problems of measuring the effect of advertising accumulation on long-run sales volume and on the possibility of eventual price premiums all conspire to make the return on advertising investments highly conjectural.

These measurement difficulties rule out this approach as a sole criterion for budgeting investment-type advertising, but they do not invalidate the investment approach itself. For other kinds of investment, e.g., research laboratories and department store escalators, it is equally impossible to estimate the return precisely. Yet few would, for this reason, kick out such items from the capital expenditure budget. Institutional and cumulative advertising should be analyzed in the intellectual setting of the capital budget, viz., long-range strategic and profit objec-

tives, competition of alternative investments for limited company funds, and balancing of risks against prospective return on investment in rationing capital. This kind of investment perspective should be an integral part of an intelligent approach to the advertising budget.

#### Objective-and-task Approach

The Second World War brought to prominence the objective-and-task method of determining the advertising appropriation. On the basis of a postwar survey, *Printers' Ink* of December 28, 1946, concluded what this was the most widely used method. The popularity of this approach during the war apparently came partly from the need to justify advertising expenditures as business expenses (for purposes of taxes and contracts) during a period when a low percentage of civilian goods sales would support only trivial outlays.

Under this approach the advertising budget is the amount estimated to be required to attain predetermined objectives. The orthodox procedure involves an impeccable and highly salable sequence of steps: (1) define the objectives; and (3) determine the cost of accomplishing these tasks.<sup>5</sup>

5 For a complete and thoughtful treatment of this approach, see A. H. Haase, *The Advertising Appropriation* (New York: Harper and Brothers, 1931)

The cost so determined is the advertising appropriation. An “objective,” as used in this procedure, is properly stated as a change: the difference between results with the advertising and results without it. The objective usually applies to the coming year's sales, although it may refer to invasion of a specific market or the establishment of distribution outlets. In this respect the actual advance that this method represents over the percentage-of-sales criterion may easily be overestimated. In general practice the sales-volume objective is based on the preceding year's volume. Expected changes in business conditions, competitors' actions, and so forth, are then considered as a basis for deriving the current year's outlay from the preceding year's outlay. Some companies fall back on intermediate objectives such as establishing brand familiarity or preferences, promoting applications of the product, or simply broadcasting the sales message. Many such “objectives” simply list the roles of advertising in the broader merchandising scheme without referring to specific sales effects. For example, a recent study for the Association of National Advertisers reports the advertising goals of the Armstrong Cork Company as keeping the company's name before customers and attracting the attention of those who are not buying now by: (a) providing salesmen an access to prospects, (b) making prospects easier to sell to, (c) publicizing the Armstrong name, and (d) carrying the sales message beyond the range of personal coverage.<sup>6</sup>

6 Paul H. Nystrom, Editor, *Marketing Handbook* (New York, The Ronald Press Company, 1948), p. 1235

Nobody can quarrel with thinking through goals of advertising as completely as possible, since it contributes to better copy and media policy. But this kind of analysis of “objectives” contributes nothing to determining the size of the advertising appropriation. For that purpose objectives must be expressed so that they are measurable and costable, e.g., a 10% increase in

sales next year over what they would have been without this advertising.

In its bald form, the objective-and-task approach begs the question. The important problem is to measure the value of objectives and to determine whether they are worth the probable cost of attaining them. In other words, what intensity of demand (i.e., what position and shape of demand schedule) is an economically sound objective? The objective and-task method method assumes that the candle is always worth the cost. In many cases the high marginal productivity of advertising (up to the limit of the money available) bails out the advertiser, but his good fortune does not make his basic thinking any clearer.

After valuing and costing legitimate objectives, the next and vital step is either to cut back or to expand plans in the light of these prospective costs. In this form – since the objectives are reshaped and really determined by the cost of attaining them, rather than vice versa – the approach has the virtue of sharpening issues and directing research and planning into relevant channels.

When an objective has been defined so that the task can be stated in terms of costs, the problem is in a form that is appropriate for analysis either by the marginal approach or the investment approach. Objectives in terms of near-future sales volume can be expressed as the marginal advertising cost function in Exhibit I, while specific long-run objectives can be viewed as investments to be built into the capital budget on a rate-of-return basis. For instance, if the objective is to get mass volume for a new product at a premium price, the task of advertising is to establish and maintain the corresponding brand preference; the budgeting problem is to determine the relation between the necessary initial and continuing outlays and the resulting level of price-premium, and to compare the premium profits with the required investment in advertising. To sum up, the objective-and-task approach, using a straightforward sequence of attack that is good for any business problem, tends to beg the question when it is not carried the whole way. The economic problem is to determine what objectives are worth the cost of attaining them. This cost can sometimes be predicted, but the value of attaining objectives can rarely be measured. This general method can, however, be extended into highly promising experimental and marginal approaches. Through such approaches objectives can be reformed in the light of costs. Economic tasks can thus be adapted to the peculiar goals and situations of individual companies and nicely integrated with other elements in the company's marketing plan. But the objective-and-task method is a budgeting method only because it is called one; what it actually does is frame problems for solution.

**Competitive-parity Approach.** The essence of the competitive-parity approach is to base in some systematic way the company's advertising outlay on the outlays of other members of the industry. Specifically, the company's percentage of total competitive advertising might be made equal to its share of the market. (A variant, which is quite different conceptually, is to spend as much as necessary to retain a desired market share).

This method of budgeting is widely used, and it finds some support in the writing of practitioners. The defensive nature of a large proportion of advertising outlay, designed to check the inroads of troublemakers, may account for the method's popularity. For example, in the antitrust case against the big three tobacco companies, the explanation advanced by American and by Liggett & Myers for following the lead of Reynolds in a 1931 price advance was that the revenue was needed to match Reynolds's increased advertising.<sup>7</sup>

<sup>7</sup> American Tobacco Company v. United States, 328 U.S. 805 (1946)

The approach appears at first to have slim warrant in principle. What competitors spend on advertising does not tell a firm how much it can spend to make added benefits just equal the added costs. The size of this optimum outlay is affected by rivals' advertising, since competitors' advertising influences the productivity (incremental cost) of the firm's advertising. But it cannot be determined by merely matching competitors' appropriation. Hence what rivals choose to spend does not in itself provide any valid measure of what the firm's advertising budget should be.

The parity approach is sometimes defended on the grounds that the advertising percentages of competitors represent the combined wisdom of the industry. This argument assumes that rivals know what they are doing and that their goals are the same as the firm's. Actually, since great differences normally exist among competitors in the ratio of advertising to sales, the industry average is often relatively meaningless. Consider, for example, this breakdown of an industry average that appeared in *Printers' Ink* of February 8, 1947: out of seven companies one devoted 9% of sales to advertising; one devoted 3%; three devoted 2% and two devoted 1%.

No correlation appeared between outlay and size of firm in this breakdown. Further analysis revealed that the smallest firm, which was one of the heaviest advertisers, was bent on a program of aggressive expansion; one of the concerns that spent 2% manufactured only a restricted line and had no ambition to grow; the largest concern was well established and was making a very satisfactory showing with an expenditure of only 3%. This case illustrates the limitations of an industry average as a tool for determining outlay, in that companies differ in objectives, brand maturity, and marketing methods. It also suggests the advantages of knowing rivals' objectives and competitive situations as well as their advertising outlays. Another difficulty is that, to the extent that this rationale is valid the future and not the past advertising outlays of rivals should constitute the standard. Usually these outlays cannot be determined soon enough or with enough accuracy to be useful in planning appropriations.

Advocates of parity advertising claim that it safeguards against advertising wars that can be started when other methods are used to determine outlay. Parity advertising may thus play a role analogous to that of price leadership in preventing price wars. But degenerative retaliation in advertising is much less likely relation to output, being a cause rather than a result of sales. In many situations an economically logical approach becomes a bit mystical, because the relevant considerations for deciding



The difficult problem in applying economic analysis to advertising is to find the empirical equivalents of the theoretical curves. The deep uncertainty surrounding the productivity of advertising is perhaps the origin of such methods as percentage-of-sales and objective-and-task. But whatever rationale these methods may one have had, their basic weakness is that they hide rather than highlight the economic issues in the advertising problem. Despite its limitations, economic analysis can be helpful in reaching a better decision on the amount of advertising by focusing attention on the relevant (even though unmeasurable) relationships as opposed to the irrelevant (but measurable) ones. Though the complete theoretical solution of the advertising problem is too complex for practical use, manageable approximations may sometimes be feasible. Quite a few things unmeasurable ten or twenty years ago are susceptible to such approximation in 1951.

## This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears to be a standard notebook page.

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## LESSON 33:

### BUDGETING CASES AND TRENDS IN ADVERTISING

#### BY THE INDIAN CORPORATE SECTOR

#### Objective

Students by the end of this lesson you will understand advertising budget better with the help of a case study. You will be able to explain the trends in advertising by the Indian corporate sector

#### DOMINO'S PIZZA ADVERTISING CASE STUDY



In January 2002, Domino's Pizza UK & IRL plc announced record sales performance for the previous year.

The company's Chief Executive, Stephen Hemsley was quoted in *The Daily Telegraph*:

"This is partly due to the television campaign on Channel 4 which has been bringing us to people's notice."

In the company's official news release, he commented: "2001 was an outstanding year for Domino's Pizza. We have achieved record sales levels and further reinforced our position as the UK's number one pizza delivery company..."

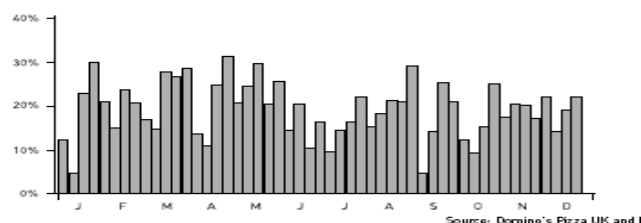
Every time Domino's ran national terrestrial TV advertisements in the UK and Ireland, our sales increased. In turn, every time our sales increased, the size of our National TV Advertising Fund increased with it. This means we are in the excellent position whereby each TV campaign we run helps to support the next."

Working with its agency BLM Media, Domino's Pizza spent 73% of their total advertising budget for 2001 on Channel 4. Source: MMS

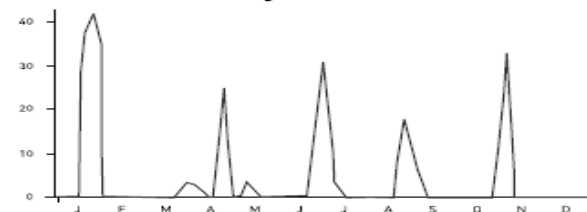
"TV advertising is an important element in Domino's overall success and was an important factor in our 29.4% sales growth last year. In 2002, we're committed to further significant investment in television advertising. A reason for this continued investment is the direct link between Domino's advertising budget and our sales - 4 % of our franchisee's turnover is ploughed back into the National Advertising Fund ensuring continued growth of that fund in line with increased sales." Anna Taylor West, Marketing Manager, Domino's Pizza.



**Year on Year % Increase in Sales**  
Period: 51 weeks ending 23rd December 2001



**Weekly TVRs**  
Period: 51 weeks ending 23rd December 2001



With National Advertising Fund contributions from its 215 UK stores (now 250+), Domino's Pizza launched its first ever-national terrestrial TV advertising campaign in January 2001. Following Domino's previous innovations in the field of interactive advertising and sponsorship of *The Simpsons* on Sky One, the TV advertising campaign supported the launch of the new heated delivery system, Domino's Heatwave™.

Channel 4 responded positively to the buying strategy devised by BLM Media, which focused activity around the last week of the month when most people receive their pay packet. The campaign was almost exclusively restricted to peaktime (1700-2230) on a Thursday to Sunday evening. A number of popular Channel 4 programmes were crucial in attracting the desired target market, including *Friends*, *Hollyoaks*, *Brookside*, and *Dawson's Creek*. These programmes were all bought into on a regular basis across the year. The outstanding results of the campaign include:

- Total sales across the Domino's system in the UK and the Republic of Ireland for 2001 grew 29.4% to £98.4m
- Average weekly unit sales for all delivery stores hit an all-time record of £10,335 in the penultimate week of 2001
- Average weekly unit sales for 2001 were £8,422 - an increase of 19.1% on the same figure for the year 2000

- Domino's was number 1 for pizza home delivery in the UK and Ireland - in number of units and sales
- Increased television advertising, financed by the National Advertising Fund, following success of first terrestrial campaign launched in 2001
- During 2001, 24 new delivery stores opened

Once you have gone through this case study form groups of five students in each team then try and identify the problem that dominos would have faced earlier and how your group would have solved it.

## Trends in Advertising by the Indian Corporate Sector

Sudha Sachdeva

This contribution examines the trends in the advertising expenditure by India's large corporate bodies to bring out the relative importance of advertising expenditures by the different categories of companies. In order to undertake this exercise, a set of the largest 409 manufacturing companies of the Indian private sector was identified. The set includes only those public limited companies (i) having more than Rs. 1.00 crore risk capital at the end of March, 1984. Out of the total of 428 public limited companies identified on the basis of the above classification, nine companies engaged in electricity, eight in shipping and two in road transport were excluded from the sample. After excluding these 19 companies, our coverage was restricted to 409 companies. The period covered under the study is 1975-76 to 1983-84. The 409 companies identified for this study were grouped under two categories, namely, the consumer goods producing companies, and the non-consumer goods producing companies. This identification was carried out on the basis of the Reserve Bank of India's (RBI) use based classification of industries.<sup>2</sup> The companies which could not be strictly classified as consumer goods producers due to their diversified range of production were classified as non-consumer goods producers. The non-consumer good producers included the companies producing intermediate goods as well.

Based on the RBI classification, there were 164 consumer goods producing companies and 245 non-consumer goods producing companies in our sample. The 409 companies were also classified on the basis of the extent of foreign holding in their equity capital; companies having 10 per cent or more foreign equity were taken to be Foreign Controlled Companies (FCCs).<sup>3</sup> These included the FCCs both registered and not registered under the Monopolies and Restrictive Trade Practices Act (MRTPA). The non-FCCs, *i.e.* those companies that have an Indian ownership and control were further subdivided into two categories; those registered, and not registered under the MRTPA and were represented as the Indian MRTP companies and the Indian non-MRTP companies.

For the purposes of data analysis three reference years, namely, 1975-76, 1979-80 and 1983-84 were selected. For convenience these years will be referred to as 1976, 1980 and 1984 respectively. These marked the beginning, the middle and the end of the period covered under this study.

It was expected that since the 409 companies constitute the top crust of the Indian private sector, each one of them would have

gone in for company advertisements and the expenditure under this head would be available in their respective Annual Reports. It was, however, found that many of the 409 companies did not report advertisement expenditure as a separate item in their Annual Reports. The number of companies, reporting advertisement expenditure as a separate entry, fell from 210 in 1976 to 200 in 1980 and to only 193 in 1984. The companies not reporting an advertisement expenditure include companies like DCM, WIMCO, Mafatlal, Parke Davis, Geoffrey Manners, General Electric Company of India and many others. Each one of them is a well-known advertiser and yet, under one or the other technical reason these companies have not reported any advertisement expenditure.<sup>5</sup>

Since out of the total of 409 companies, the number of non-reporters is as high as 199 in 1976 and 216 in 1984, our analysis of the trends in advertising is confined only to the companies reporting an advertisement expenditure. Table-1 provides the advertisement expenditure and sales turnover of the companies reporting an advertisement expenditure for the three reference years. The advertisement expenditure of these companies grew from Rs.27.71 crores in 1976 to Rs.46.80 crores in 1980 and to Rs. 82.27 crores in 1984. The sales turnover rose from Rs.4,375.61 crores in 1976 to Rs. 6,559.56 crores in 1980, and to Rs. 11,101.87 crores in 1984. The sales turnover registered a growth of 154.77 per cent, and the advertisement expenditure registered a growth of 196.90 per cent during the period of 8 years. If one looks at the average annual rate of growth, the sales turnover registered a growth rate of 19.35 per cent per annum, while the corresponding growth rate for the advertisement expenditure was 24.60 per cent.

Considering the distribution of the total advertisement expenditure between the consumer goods producing and the non-consumer goods producing companies, one finds that when the total advertisement expenditure rose from Rs. 27.17 crores in 1976 to Rs.82.27 crores in 1984, the expenditure by the consumer goods producing companies alone rose from Rs.22.41 crores to Rs. 66.34 crores over the 1976-84 span.

Table - 1

It is important to note that among the companies reporting an advertisement expenditure there was no consistency. A company reporting in one year may not report any expenditure on account of advertisement in another year.

Under the Companies Act, 1956 it is obligatory to report expenditure on advertisement as a separate item. However, if the value of advertisement expenditure was less than one per cent of the sales turnover or Rs. 5,000 whichever is less, the company need not make a separate entry in the Annual Report. We have reasons to believe that most of the 409 companies do undertake advertisement expenditure. But, probably, the advertisement expenditure was less than one per cent of the overall turnover. Alternatively, advertisement expenditure has not been reported due to the process of 'window dressing'.

**The Advertisement Expenditure and Sales Turnover  
for Companies Reporting Advertisement Expenditure**  
(Rs. in crores)

S.No.	Year	No. of Companies	Advertisement Expenditure Total	Sales Total
	(1)	(2)	(3)	(4)
1.	1976	210	27.71	4357.61
2.	1980	200	46.80	6559.56
3.	1984	193	82.27	11101.87
4.	Percentage growth 1976-84		196.90	157.77
5.	Average annual rate of growth		24.6	19.35

Source: Calculated from the ISID database of 409 companies.

### Advertisement Expenditure as a Proportion of Sales

The size of advertisement expenditure incurred by the different categories of companies by itself may be important, but given the type of sample data, it appears appropriate to examine the advertisement expenditure by relating it to the size of the company's turnover. Table-2 shows the expenditure incurred by these companies as a proportion of their sales turnover.

At the aggregate level, the companies reporting advertisement expenditure allocate less than one percent of their sales turnover on advertising. However, with the steady rise in the absolute amounts incurred as advertisement expenditure, the ratio of the advertisement expenditure to the sales turnover has also risen from 0.64 in 1976 to 0.71 in 1980, and to 0.74 in 1984. This steady rise in the ratio is an indication of the growing importance of the advertisement culture with the Indian corporate sector as a whole.

However, Table-2 also suggests that

- i. The advertisement sales ratio rose more sharply for the consumer goods producing companies than the non-consumer goods producing companies, standing at the level of nearly 1.00 percent in 1976, 1.12 percent in 1980, and 1.20 percent in 1984.
- ii. The advertisement to sales ratio was higher for the FCCs than for the Indian companies and the highest for the consumer goods producing FCCs. It rose from 0.84 percent to 0.89 percent for the FCCs, and from 0.44 percent to 0.59 per cent for the Indian companies over the 1976-84 span. The corresponding rise for the consumer producing FCCs was from 1.48 percent to 1.54 per cent.

Table - 2

**The Advertising expenditure incurred as a percentage of  
sales for the companies reporting an Advertisement expenditure**

Category	Year		
	1976	1980	1984
(1)	(2)	(3)	(4)
Total (Reporting Companies)	0.64	0.71	0.74
of which			
i) a) Total consumer goods producing	0.99	1.12	1.20
b) Total non consumer goods producing	0.29	0.30	0.28
ii) FCCs	0.84	0.81	0.89
a) Consumer	1.48	1.23	1.54
b) Non-Consumer	0.25	0.34	0.29
iii) Non FCCs (Total)	0.44	0.58	0.59
iv) Indian MRTP companies	0.46	0.63	0.59
a) Consumer	0.61	0.96	0.83
b) Non-Consumer	0.25	0.27	0.30
v) Indian Non-MRTP companies	0.42	0.53	0.59
a) Consumer	0.65	1.06	1.08
b) Non-Consumer	0.24	0.26	0.22

Source: Same as in Table 1.

- iii. Despite a very large difference in the size of the advertisement expenditure incurred by the Indian MRTP companies and the Indian non-MRTP companies, the advertisement to sales ratio was not as significantly different for these two categories of companies. In 1984, it stood at the level of 0.59 per cent for both. Again, while the proportion rose more sharply for the consumer goods producing companies under both the categories of companies, this rise was much sharper for the non-MRTP consumer goods producing companies (*i.e.* those not registered under the MRTPA). The ratio for the non-MRTP consumer goods producing companies rose from 0.65 per cent in 1976 to 1.08 in 1984. This may be due to the presence of non-MRTP FCCs in this category.

### Size of the Advertisement Expenditure

After an analysis of the proportion of the sales turnover incurred as advertising expenditure by the different categories of companies, it may be useful to study how the individual companies are distributed on the basis of the actual size of the advertising expenditure incurred by a company. Table 3 shows the frequency distribution of the companies reporting an advertising expenditure based on the size of the advertising expenditure. It would be seen that the majority of the companies had an yearly advertising budget of nearly half a crore of rupees. Their number, however, witnessed a decline from 198 in 1976 to 146 in 1984 (See Table-3). Even among the companies spending upto half a crore of rupees annually, the majority spent only upto Rs. 5.0 lakhs annually. Their numbers also declined from 116 in 1976 to 73 in 1984. Similar was the case of the companies spending between Rs. 0.50 crores to Rs. 0.25 crores annually, whose number fell from 62 in 1976 to 52 in both 1980 and 1984. For the companies spending between a quarter of a crore and half a crore, the number stood at 20 in 1976 and 21 in 1984. In contrast to the decline in the number of companies spending upto Rs. 0.50 crore on advertising, one finds that the number of companies spending between Rs. 0.5 crore and Rs. 1 crores rose from 8 in 1976 to 19 in 1980 and 22 in 1984. The number of companies with more than Rs. 1 crore individually as advertisement expenditure rose from 4 in 1976 to 11 in 1980 and 25 in 1984. The four companies, spending more than Rs. 1 crore on advertising in 1976 were Hindustan



Lever Ltd. (Rs. 2.98 crores), Rallis India Ltd. (Rs. 1.29 crores), Union Carbide (India) Ltd. (Rs. 1.22 crores), and Peico Electronics and Electricals Ltd. (Rs. 1.12 crores) and it is interesting to note that all four of them were FCCs. By 1980, the eleven companies spending more than Rs. 1.00 crores included seven FCCs and four Indian companies. The seven FCCs were Hindustan Lever Ltd., Glaxo Laboratories (I) Ltd., I.T.C. Ltd., Peico Electronics and Electricals Ltd., Dunlop (I) Ltd. and Richardson Hindustan Ltd. The four Indian companies who joined these FCCs were Reliance Industries Ltd., Grasim Industries Ltd., Jay Engineering Works Ltd., and Mohan Meakin Ltd., Bombay Dyeing Manufacturing Co. Ltd. The advertisement expenditure of the top advertisers seems to have jumped in a very significant manner. The highest advertisement expenditure by a single company was nearly Rs. 3.00 crore in both 1976 and 1980 but it rose sharply to more than Rs. 7.00 crores for 1984. In 1984, there were three companies reporting more than Rs. 3.00 crores individually as advertisement expenditure. The companies were Hindustan Lever Ltd; Reliance Industries Ltd, and Food Specialties Ltd., with the respective advertisement expenditures of Rs. 8.09 crores, Rs. 4.71 crores and Rs. 3.54 crores.

Coming to the distribution of the consumer goods producing companies on the basis of the size of advertisement expenditure incurred by an individual company, Table-4 indicates that though the majority of the consumer goods producing companies spent upto Rs. 1.00 crore on advertising, the proportion of those spending upto half a crore of rupees has fallen from more than four fifths in 1976 to nearly 55 per cent in 1984. By 1984, therefore, nearly 45 percent of the consumer goods producing companies spent more than half a crore of rupees on advertising. Again, while the 1976-80 phase saw a sharp rise in the number of consumer goods producing companies spending between half a crore and one crore of rupees, their numbers rising from 8 to 17; the rise in the post 1980 was sharper for those spending more than one crore; their numbers rising from 10 in 1980 to 23 in 1984.

All the 8 companies reported in Table 3, that spent between Rs. 0.50 crore and Rs. 1.00 crore in 1976 on advertising, 17 of the 19 companies spending between Rs. 0.50 crores and Rs. 1.00 crores in 1980 and 16 of the 22 companies in 1984 were consumer goods producers. Similarly, all the 4 companies reported in

Table 3 that spent more than Rs. 1.00 crore on advertising in 1976, 10 out of the 11 companies spending more than Rs. 1.00 crores in 1980 and 23 out of the 25 companies in 1984 were consumer goods producing companies. All the 3 companies spending more than Rs. 3 crores individually in 1984 were also those producing consumer goods (See Table 3 and 4.)

Having ascertained the fact that the consumer goods producers are the top spenders, it is also important to look into the advertising expenditure of the heavy spenders *i.e.* the non-consumer goods producing companies spending heavily on advertising. The two non-consumer goods companies spending between Rs. 0.5 crore and 1 crore of rupees on advertising in 1980 were Kirloskar Oil Engines Ltd. (spending Rs. 0.53 crores) and Tata Engineering and Locomotive Co. Ltd. (spending 0.51 crores). The non-consumer goods producing companies spending between half a crore and one crore in 1984 were Greaves Cotton and Co. Ltd., Advani Oerlikon Ltd., National Organic Chemical Industries Ltd., Nirlon Synthetic Fibres and Chemical Ltd., and MRF Ltd., Dunlop (I) Ltd. was the only non-consumer goods company that spent more than Rs. 1.00 crore on advertising in 1980. In 1984, it was joined by Modi Rubber Ltd.

It is important to take note of the extent of concentration in the advertisement expenditure of the corporate sector. Table 5 indicates that the Top 50 advertisers of each the 3 years alone accounted for more than 80 percent of the total advertisement expenditure of the corporate sector, with the Top 20 accounting for nearly 55 percent of the total advertisement expenditure. The share of the Top advertisers stood at 40 percent in 1976 and 36 percent in 1984. The nature and distribution of the advertising expenditure reveals that the consumer goods manufacturers and the FCCs were very dominant among the top 50 advertisers. Table 6 gives a list of the Top 50 advertisers of the three reference years along with their respective rankings and advertisement expenditures in the three years. The advertisement expenditures are listed only for those years, in which the companies had a ranking among the Top 50. Since the Top 50 advertisers for all the 3 reference years are not the same, the first fifty names in the list include the Top 50 advertisers of 1984. The others, that do not figure among the Top 50 advertisers of 1984, but have been a part of the Top 50

advertisers for atleast one of the other two reference years have been given later, alphabetically, in order to take a note of the changes in the composition and characteristics of the Top 50 advertisers over the 1976-84 span.

Table 5  
The Share of Top Advertisers in the Total Advertising Expenditure

SNo.	Category	(Rs. Crores)		
		Year		
		1976	1980	1984
(1)		(2)	(3)	
1.	Top 10	11.12 (40.13)	16.26 (34.74)	31.82 (36.68)
2.	Top 20	15.55	24.76	45.92
3	Top 50	(56.12) 22.13	(52.91) 37.80	(55.82) 67.88

Table - 6

Top 50 Advertisers with their Respective Rankings and Expenditures for 1976, 1980 and 1984

(Rs. Crores)						
	Rank	Ad.	Rank	Ad.	Rank	Ad.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Hindustan Lever Ltd.	1	8.09	1	2.91	1	2.98
2. Reliance Industries Ltd.	2	4.71	2	2.91	16	0.40
3. Food Specialities Ltd.	3	3.54	12	0.99	-	-
4. Peico Electronics & Electricals Ltd	4	2.61	7	1.22	4	1.12
5. I T C Ltd	5	2.30	6	1.23	31	0.26
6. Union Carbide (I) Ltd	6	2.25	13	0.94	3	1.22
7. Escorts Ltd.	7	2.20	15	0.90	23	0.30
8. Glaxo Laboratories (I) Ltd	8	2.08	5	1.44	10	0.60
9. Dunlop India Ltd.	9	2.03	9	1.19	18	0.38
10. Jay Engineering Works Ltd.	10	2.00	8	1.21	8	0.76
11. Grasim Industries Ltd.	11	1.78	4	1.46	9	0.71
12. Crompton Greaves Ltd.	12	1.64	27	0.55	14	0.44
13. Bombay Dyeing & Mfg. Co. Ltd.	13	1.59	3	1.66	-	-
14. Richardson Hindustan Ltd.	14	1.52	11	1.01	6	0.80
15. Bata India Ltd.	15	1.34	23	0.68	-	-
16. Blow Plast Ltd.	16	1.33	32	0.47	-	-
17. Herbertsons Ltd.	17	1.31	34	0.44	-	-
18. Modi Rubber Ltd.	18	1.23	45	0.30	48	0.14
19. Reckitt & Colman of (I) Ltd.	19	1.19	26	0.56	-	-
20. Tube Investment of (I) Ltd.	20	1.16	33	0.44	33	0.32
21. Johnson & Johnson Ltd.	21	1.14	17	0.77	21	0.20
22. VST Industries Ltd.	22	1.11	43	0.32	28	-
23. Raymond Woolen Mills Ltd.	23	1.09	-	-	-	0.40
24. Voltas Ltd.	24	1.06	14	0.93	15	0.10
25. Boots Co. of India Ltd.	25	1.02	21	0.69	45	0.14
26. Berger Paints India Ltd.	26	0.90	-	-	49	0.10
27. Modi Spinning & Wvg Mills Co. Ltd.	27	0.86	16	0.82	17	0.39
28. Hoechst India Ltd.	28	0.83	-	-	47	0.15
29. Mohan Meakin Ltd.	29	0.81	10	1.03	5	0.85
30. M R F Ltd	30	0.78	-	-	-	-
31. Hindustan Ciba-Giegy Ltd	31	0.75	22	0.68	20	0.33
32. Bayer India Ltd	32	0.73	36	0.42	27	0.28
33. National Radio & Electronics Co Ltd	33	0.72	37	0.39	24	0.29
34. Rallis India Ltd.	34	0.71	19	0.70	2	1.20
35. Madura Coats Ltd	35	0.70	-	-	-	-

(Contd...)

36. Bajaj Auto Ltd	36	0.70	-	-	-	-
37. Khatau Makanji Spg & Wvg Mills Co Ltd	37	0.64	25	0.57	19	0.33
38. Nirlon Synthetic Fibres & Chml Ltd	38	0.62	31	0.50	36	0.22
39. National Organic Chml Inds Ltd	39	0.62	-	-	-	-
40. Mahindra & Mahindra Ltd	40	0.61	-	-	-	-
41. Breaves Cotton & Co. Ltd.	41	0.59	50	0.27	-	-
42. Advani Oerlikon Ltd.	42	0.58	-	-	-	-
43. Oriental Carpet Mfrs. Pvt Ltd.	43	0.57	38	0.39	44	0.16
44. Sylvania & Laxman Ltd.	44	0.55	-	-	42	0.17
45. Goodlass Nerolac Paints Ltd.	45	0.55	41	0.35	40	0.17
46. Alembic Chemical Works Co Ltd	46	0.54	18	0.74	13	0.42
47. Nicholas Laboratories India Ltd.	47	0.52	-	-	11	0.65
48. Tata Engineering & Locomotive Co Ltd	48	0.48	30	0.57	-	-
49. Widia India Ltd	49	0.48	44	0.32	-	-
50. Kirloskar Electric Co Ltd	50	0.47	49	0.27	35	0.22
51. Asian Paints India Ltd	-	-	24	0.58	41	0.17
52. Blue Star Ltd	-	-	39	0.39	37	0.21
53. Boehringer Knoll Ltd.	-	-	-	-	32	0.25
54. Cynamid India Ltd	-	-	20	0.69	7	0.76
55. East India Hotels Ltd	-	-	35	0.42	22	0.34
56. G T C Industries Ltd	-	-	-	-	26	0.28
57. Gabriel India Ltd.	-	-	-	-	50	0.16
58. Geep Industrial Syndicate Ltd.	-	-	-	-	30	0.26
59. German Remedies Ltd.	-	-	46	0.28	-	-
60. Gujarat State Fertilizers Co Ltd.	-	-	48	0.27	-	-
61. Hindustan Motors Ltd.	-	-	-	-	12	0.55
62. I D L Chemicals Ltd.	-	-	47	0.27	-	-
63. Kirloskar Oil Engines Ltd.	-	-	28	0.53	25	0.25
64. Motor Industries Co Ltd.	-	-	40	0.39	29	0.26
65. Pfizer Ltd.	-	-	29	0.52	38	0.26
66. Roche Products Ltd.	-	-	42	0.34	34	0.23
67. Searle India Ltd.	-	-	-	-	43	0.16
68. Shalimar Paints Ltd.	-	-	-	-	46	0.15
69. Warner Hindustan Ltd.	-	-	-	-	39	0.19

Source: Same as in Table 1.

It is interesting to note from the table that Hindustan Lever Ltd. has remained the largest advertiser through the entire period of our study. Most of the other important consumer goods producing FCCs besides the 80 that are a part of the Top 50 advertisers have either retained their relative ranking in the three years or have improved it. Peico Electronics and Electricals (formerly Philips India) for instance, held the 4th position in 1976, suffered a marginal deterioration in its relative position in 1980, but in 1984, it occupied back the position held in 1976. Union Carbide (I) Ltd. also occupied a very prominent 3rd position in 1976. After occupying the 13<sup>th</sup> position in 1980, it again rose to a prominent 6th position in 1984. Similar was the case of VST Industries Ltd., Johnson & Johnson Ltd. and Hindustan Ciba-Geigy Ltd. Among the FCCs which have shown a near quantum jump in their rankings, the notable ones are: Food Specialities and the Bombay Dyeing & Manufacturing Company Ltd. Food Specialities Ltd. was a non-reporter in 1976 and was at the 12th position in 1980. In 1984, it was next only to the Hindustan Lever and the Reliance Industries. Bombay Dyeing and Manufacturing Company Ltd. also did not report any advertisement expenditure in the year 1976, but occupied the 3<sup>rd</sup> position in 1980. Its position in 1984 was the 13th. Similar was the case of Dunlop (I) Ltd., and I.T.C. Ltd. Dunlop (I) Ltd. occupied the 18th position in 1976, rose sharply to the 9th position in 1980 and occupied the same for 1984 as well. I.T.C. jumped from 31st position in 1976 to the 6th in 1980 and to the 5th in 1984. Some other FCCs that have improved their rankings significantly are Bata, Tube Investment, Crompton Greaves Ltd.

If one goes by the nature of the products promoted by the Top 50 one is struck by the presence of 8 drug manufacturers in the list. These were Glaxo, Hoechst, Boots, Richardson, Bayers, Searles, German Remedies, and Warner Hindustan. Companies like Glaxo and Hoechst went up on the list and so did Boots. Richardson Hindustan and Bayer India Ltd. could maintain their place among the Top 50 whereas the others fell out. The presence of the drug companies in the list of the Top 50 can be explained by the fact that the drug companies also sell branded formulations that do not need prescriptions. Companies like Glaxo need to advertise their baby foods and Glucose formulations including Glucon-C and Glucon-D. Bayer (I) Ltd. advertises its Baygon spray and RHL advertisers its Vicks-Vaporub, inhaler and Vicks action 500 tablets for severe cold. Among the Indian companies figuring among the top 50 advertisers, the cases of Reliance Industries Ltd., and Raymond Wollen Mills Ltd., from the textile group, and Blow Plast Ltd., Herbertsons Ltd. and Voltas Ltd. from among the others, need a special mention. Reliance Industries Ltd. rose from the 16th position in 1976 to the 2nd position in both 1980 and 1984. Blow plast also rose from a non-reporter in 1976 to the 32<sup>nd</sup> position in 1980, and from there it rose to the 16th position in 1984 due to its diversification from moulded luggage to toys and moulded furniture. Voltas with the launch of its volfarm ketchup coupled with aggressive marketing, could compete with the well established old brand 'Kisaan'.

From the engineering sector, Bajaj Auto Ltd. and MRF Ltd. deserve a special mention, both of which occupied the 36th and 30th positions respectively in 1984.

Our study on the concentration of the advertisement expenditure would remain incomplete without a mention of the all time top advertiser, The Hindustan Lever Ltd. HLL had an Advertising budget of Rs 2.98 crores in 1976, Rs. 2.91 crores in 1980 and Rs.8.09 crores in 1984. This company alone accounted for a share of nearly 10 per cent in the total advertisement budget of the selected companies in the corporate sector as a whole; 12 to 13 per cent in the advertisement budget of the consumer goods producing companies; and 16 to 17 per cent in the expenditure by the FCCs

To sum up, the trends in advertising by the large Indian corporate sector indicate that:

1. Advertising in India is primarily a phenomenon of the consumer goods producing companies.

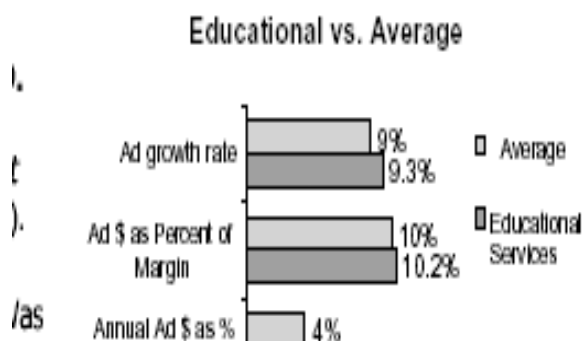
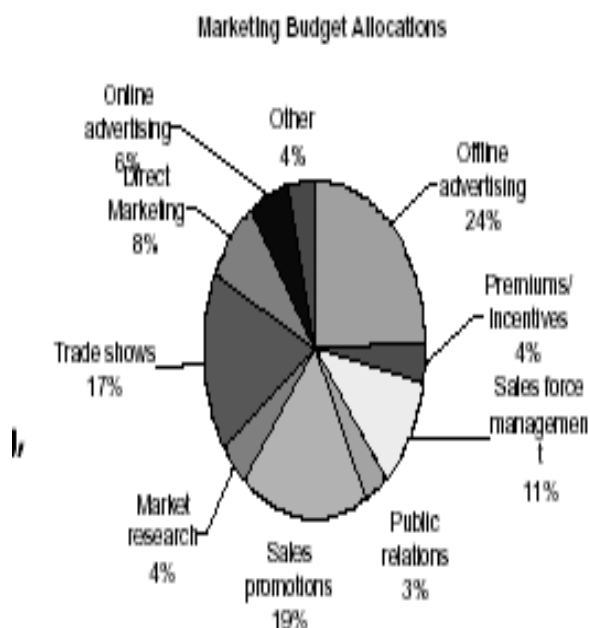
2. FCCs single handedly accounted for a dominant share in the total advertisement expenditure. The Indian Big business, as represented by the Indian MRTP companies, accounted for a sizeable share in the total advertisement budgets of the corporate sector, though lower than that of FCCs.
3. Consumer goods producing FCCs accounted for more than four fifths of the expenditure by the FCCs, and more than half the expenditure by the total reporting companies. These companies emerged as the most important contributors to the advertisement budgets of the corporate sector.
4. Among the FCCs, the ex-FERA companies and the foreign subsidiaries were the prime contributors to the advertisement budget of the FCCs and majority of them were consumer goods producing companies.
5. Trends similar to above were also reflected in the proportion of the sales turnover spent on advertising, the exception to the rule being the Indian non-MRTP companies producing consumer goods, that spent more than 1.00 percent of their sales turnover on advertising in both 1980 and 1984.
6. Advertisement expenditure by the Indian Corporate Sector are highly concentrated. Top 50 advertisers accounted for nearly 80 per cent of the total advertisement budgets, whereas the Top 10 advertisers accounted for nearly 40 per cent of the total advertisement budgets.
7. The Top 50 advertisers were primarily the consumer goods producers and the majority of them were FCCs. Again, a majority of the FCCs constituting the Top 50 also belonged to the categories of either the ex-FERA companies or the foreign subsidiaries.
8. Hindustan Lever Ltd., the all time top advertiser accounted for nearly 10 per cent of the expenditure by the corporate sector as a whole, as represented by the companies under study.

These trends are observed when the sample does not include some of the important consumer goods producing FCCs like Hindustan Cocoa Products Ltd., Britannia Industries Ltd., Ponds (I) Ltd., Colgate Palmolive (I) Ltd., and many more, due to the non availability of data. If these were included, the trends would have favoured even more sharply, the dominance of the consumer goods producing FCCs in the advertisement budgets of the Corporate Sector in India.

## General Marketing and Advertising Trends Marketing-General

- Offline advertising far exceeds any other marketing expenditures. ("OutFront II Marketing Research Study," 1999).
- Pure-play e-tailers spent about 40% of anticipated revenues on advertising, marketing, and PR, compared with 21% for multichannel e-tailers and 2-6% for store-based retailers. ("The State of Eretailing," eRetailing World, March 2000).
- Advertising-to-sales ratios (4% of sales and 10% of margin) for Educational Services are comparable to large industry averages in 1999. ("Advertising Budget Benchmarks Point to Strong Spending Gains," Marketing Department

Management Report, August 1999, Lexis -Nexis Academic Universe).



- Money invested in marketing in all forms of media has risen steadily. (Honomichl, Jack, "It Was Another Very Good Year," Honomichl 2000, Marketing News, June 5, 2000).
- US marketing/advertising/public opinion research is on the rise. \$4.8 billion was spent for US marketing/advertising/public opinion in 1999 (real growth rate of 7.9% over 1998); excludes small firms and in-house research. (Honomichl, Jack, "It Was Another Very Good Year," Honomichl 2000, Marketing News, June 5, 2000).
- The average American is bombarded with more than 3,000 marketing messages per day. (Hockin, Matthew, "Marketing Mistakes to Avoid," <http://internetday.com/archives/052998.html>).
- Impulse sales account for 10%-50% of online sales. (Ernst & Young, Global Online Retailing, A Special Report, January 2000).
- Credit Card customers spend 2.5 times more money than customers who pay cash. Credit cards give customers freedom to spend on impulse purchases. (Instant Internet

Mall, "Key to Success...Accept Credit Cards," 1999, [http://instantinternetmall.com/bizz/free\\_reports/keytosuccess.html](http://instantinternetmall.com/bizz/free_reports/keytosuccess.html)).

- The Direct Marketing Association (DMA) announced that it is now requiring all members doing business in the US to disclose to customers when they are sharing private information with other marketers. DMA will monitor companies by using secret shoppers and decoys. (James, Dana, "They ask? Marketers Must Tell," Marketing News, August 2, 1999).
- Cause marketing/branding leads to increased sales, increased customer loyalty, and enhanced brand image. Cause Marketing is a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit. Two-thirds of Americans would switch to a cause-related brand if price and quality were equal. ("1999 Cone/Roper Cause Trends Report: The Evolution of Cause Branding—Executive Summary," [www.conenet.com](http://www.conenet.com)).
- Marketers must create a dialogue, add value, and deepen the relationship with their customers. To achieve this, marketers need to create a consistent message throughout all media, conveying the same tone and style in print, TV, e-mail, and online advertising. (Regan, Keith, "Report: E-Mail Marketing to Reach \$7.3B by 2005," E-Commerce Times, May 9, 2000).
- Marketing to Hispanics is the most profitable ethnic targeting, but Asians are becoming an increasingly popular target. (Marketing News, July 3, 2000).
- The largest growing market in the world is women, and few marketers are taking advantage of the fact that:
  - Women bring in half or more of income in most U.S. households.
  - Women-owned businesses employ more people in the U.S. alone than Fortune 500 companies employ worldwide.
  - Women are projected to acquire over 85% of the \$12 trillion growth in U.S. private wealth between 1995 and 2010. ("Pink Parasols and a Kinky Princess," Brandweek, May 1, 2000, [www.trendright.com](http://www.trendright.com)).
- The structure of global demand for consumer goods is changing rapidly:
  - The world is in a global baby boom: half the world's population today is under the age of 24. Thus, global marketing is youth marketing.
  - About 65% of the world's population is living in societies showing economic growth of 5% a year or more. Thus, this emerging market is optimistic—so reflect optimism, newness and fun in advertising.
  - The global consumer knows what's cool. Over 95% of homes in newly emerging cities have TVs and with the availability of satellite TV and rising incomes, TV has become a universal human experience. Therefore, don't treat the world's new consumers as naïve—they are often as sophisticated as Westerners.



- Redefining what constitutes a true global brand will be the buzz in marketing. Marketers need to learn how to negotiate and develop relationships in other cultures, learn cultural nuances.
- Ideas, nuances, and trends (including designer labels) are moving at light speed from continent to continent. Marketers need to move faster instead of spending years researching their products in new markets.
- People in societies with significant GDP growth whose income does not (yet) allow for disposable income still want to share in the new affluence in their societies; and, therefore, are important to marketers because in emerging societies, people decide which brands they prefer when they are poor and when the money they are spending really counts. This can be evidenced over time in the U.S. as well. People made choices about brands when they were poor, and when they got richer, they stuck with them:

	Position in 1924	Position Today
Eastman Kodak, cameras	1	1
Coca Cola, soft drinks	1	1
Ivory, soap	1	1
Wrigley, gum	1	1
Ever Ready, batteries	1	1
Gillette, razors	1	1

So find ways to let the world try your product affordably (samples, single -servings, etc.) (Silvester Research, "World Waves: Global Trends for Global Brands, May 1997, [www.silvester.com/previous/waves.htm](http://www.silvester.com/previous/waves.htm)).

- A new generation of wealthy people with low reproductive rates is appearing worldwide. Therefore, target products at only the children of these families—they'll be the star consumers of the next century. (Silvester Research Ltd., World Waves: Global Trends for Global Brands, May 1997, [www.silvester.com](http://www.silvester.com)).
- Expect massive declines in the consumer expenditure of the 40+ generation in Western countries in the first decade of the 21st century, as they attempt to save for their own retirement, on top of funding their parents' generation's retirement through taxes. Also expect rising demand for reduced prices, as Westerners try to replicate their parents' retirement on much lower incomes. (Silvester Research, "World Waves: Global Trends for Global Brands, May 1997, [www.silvester.com/previous/waves.htm](http://www.silvester.com/previous/waves.htm)).

## Advertising-General

- Advertising budgets can be determined with a number of methods, which can be combined to create the most effective targeted budgets. When determining a budget, the following factors should be taken into consideration:

- What is the market doing?
- What are competitors doing?
- What are your industry averages for advertising?
- How many people do you need to reach?
- How many times do you need to reach them?
- What are your projected gross sales and margins?
- What is affordable?

("The Farrell Edge Ad Budget," [www.farrelledge.com](http://www.farrelledge.com)).

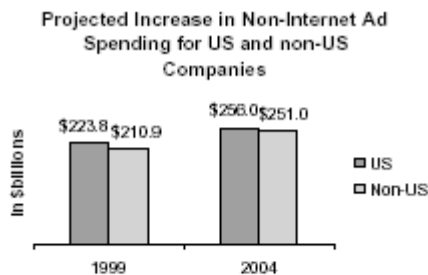
- No rule of thumb for what to budget for sales and marketing exists, according to an Inc. survey. In 1997 a survey of the fastest-growing private companies in America estimated their sales and marketing expense as 10% of overall revenues. However, in 1994 B-to-B companies spent an average of 3.49% of revenues on marketing, which includes:

- Direct-selling expenses
- Marketing communications
- Marketing support
- Market research
- Telemarketing

(Greco, Susan, "How to Benchmark Sales-and-Marketing Budgets," Inc., Feb. 1999).

- Ad to sales ratios for over 400 industries averaged 3.2% in 2000. In 1998 large public companies in the service industries spent 5.5% of revenues for advertising and promotions alone. (Schonfeld & Associates, Inc., Advertising Ratios & Budgets).
- Unfortunately, half of all ads produced are below average. A good rule of thumb is to spend 10% to 15% of your advertising dollars on ad testing (research). ("Allocating Advertising Dollars for Advertising Research," The Business Research Lab, 1996,
- Projected Internet ad spending surpasses TV ad spending by 2005. (Stone, Martin, "Web Ad Spending May Outstrip Broadcast by 2005," Newsbytes, March 28, 2000, [www.info-sec.com](http://www.info-sec.com)).
- There is still a significant gap between TV usage and Net usage. The average American is still watching 21-22 hours of TV per week, compared to Internet use, which is around 5-6 hours per week.  
("Who Do You Trust?," Brandmarketing, December 1999, Lexis -Nexis).
- Newspaper advertising is flourishing. Full-color ads gather 20% more reader attention and 60% more in-depth reading than same-size black and white advertising.  
("Marketing News & Resources," Marketing Department Management Report, October 1999, Lexis -Nexis)

- Offline US ad expenditures on major media advertising is projected to grow at a slower rate than non-US expenditures. (“Worldwide Online and Offline Advertising Revenues: Offline Perspective,” eAdvertising Report, June 2000, [www.emarketer.com](http://www.emarketer.com)).
- The new trend in advertising is “hybrid” campaigns that integrate traditional media with the Web to make the consumer an active participant. Examples of companies going interactive: Ford Motor, Shedd’s Spread Country Crock, Nike. (McCarthy, Michael, “Companies are Sold on Interactive Ad Strategy,” USA Today, March 3, 2000).
- Top executives don’t view advertising as critical to meeting marketing and sales goals, according to a study by the American Advertising Federation. (Dana, James, “Advertising in Need of Self -Promotion,” Marketing News, August 2, 1999).



- Despite the decline of the dot coms and softness in the auto advertising, magazine publishers are optimistic about a bright second half (2000) for advertising. Magazine Publishers of America forecasted revenues to jump 12% to 13% in 2000. (Fine, Jon, "Magazine Ad Forecast Still Shows Sunny Skies," Advertising Age, June 11, 2000).
- Average advertising agency salaries ranged from \$163,100 for CEO to \$45,600 for Account Executive in 1999 with a projected growth from 7% to 11% for 2000. ("What to Expect for 2000: Advertising agency salaries," Advertising Age-Ad Age Dataplace, Dec. 6, 1999). US, Japan, and Germany Lead Top Global Ad Markets for 2000. ("Top Global Ad Markets," Advertising Age—Ad Age Dataplace).

## Branding-General

- Brand is the strongest expression of who you are and it must convey a clear, strong voice in the marketplace; corporate marketers must speak to customers with a single, compelling voice about who you are and where you're going. (Stern, Gary, "Name Recognition," Electronic Business, May 2000).
- The most effective branding campaigns associate the product or service being delivered with one overriding quality that its target audience remembers. The marketer must nail that one quality in the target audience's mind. (Stern, Gary, "Name Recognition," Electronic Business, May 2000).
- Branding in the 21st Century will shift away from the traditional branding method of differentiating products and conveying benefits and emotions associated with them. The brand of tomorrow will reflect the company's attributes and its relationship with its customers.  
(Ogden, Mike, "Branding Will Lead 21st Century Market Trends," Washington Business Journal, [www.bizjournals.com/washington/](http://www.bizjournals.com/washington/)).

## Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



- What's the underlying psychology?
- How does it try to persuade?
- Does it employ emotional appeals or is it more rational, fact-based?
- Who is the ad targeting and how can you tell?

The ads may be from any medium—television, magazines, pamphlets, etc. But do not use retail or classified ads; use only national consumer advertisements. You'll need to turn in a copy of the ad with your finished assignment. For print ads, include a photocopy. Be sure to go beyond superficial observations and pay close attention to details. Below is a list of questions that may help you get started. (You don't need to use all of these, they are just here as a guide.)

When you have finished analyzing each ad individually, compare and contrast the ads as a group. What strategies, if any, do they share? Are there any interesting patterns you notice? If you had to categorize each ad based on its strategy, how would you do so? (For example, “celebrity endorsements” and “before-and-after” are two possible categories.)

How does the ad design convey the advertisers' message? Why do you think particular aesthetic elements (typefaces, photographs, camera etc.) were chosen? How do they help establish an overall mood for the ad? Ads tend to communicate more through images (and in the case of television, through movement and music) than words. How are images, camera angles and movements, music and other visual elements used to

Look at the people pictured in the ad. What might you infer about their states of mind from the ways they are presented? How might the intended audience respond to these representations?

Look carefully at the locale of the scene. Where does it take place? What significance is the locale likely to have for the intended audience? Sometimes it is not what is in the ad that pulls the viewer in, but what is missing. Is there anything missing in this imagery that the intended audience might supply?

Is this ad idealizing some aspect of life? If so, what is it and how is it presented?

What might this ad be inferring about the nature of human relationships?

What messages does this ad say about what it means to be a man or a woman? About self identity? About personal happiness, sexual attractiveness, or other forms of self-fulfillment?

What does the ad convey about social status or class? About racial or ethnic identity?

What kinds of cultural beliefs are promoted in this ad? Try to imagine yourself as an outsider to this society, viewing this ad. What seem to be the values of the ad's creators and its receivers?

Advertising is often linked with the process of commodification: that is, taking a human value or need and equating it with the process of buying and using a product. From that standpoint, ask yourself: what human needs and values is this ad attempting to commodify?

## Notes

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## LESSON 35:

SITUATION ANALYSIS, OBJECTIVES, TARGET AUDIENCES, CREATIVE STRATEGY, PROMOTIONAL STRATEGY AND TACTICS, MEDIA SELECTION, SCHEDULING, BUDGET ALLOCATION, EVALUATION MEASURES, INTER- AND INTRA-MEDIA DECISIONS, BURST VERSUS DRIP

### Objective

Students after the completion of this lesson you should be able to explain how advertising strategy and planning leads to more effective advertising. Identify the key elements of a marketing plan. Outline what an advertising plan is and list its key elements, including its relationship to the marketing plan.



Students you should know that the Advertisers don't create messages by relying on whimsy or a sudden flash of inspiration. They formulate messages to achieve specific objectives and then develop strategies to achieve those objectives. The planning process is the means advertisers use to accomplish these two activities.

### Lets Start with the Planning Documents

Business strategic planning usually is a three-tiered process. It starts with the business strategic plan, then moves to functional plans such as a marketing plan or financial plan, and ends with specific plans for each part of the function. For marketing, then, the business might have specific plans for advertising or product development. Naturally, each plan depends on the plan that precedes it. For instance, the business strategic plan for Heinz Vinegar may state that advertising is unnecessary, but sales promotion through coupons is important.

In this lesson we explore the advertising planning process.

First, however, let's look at the business plan and review the marketing plan to assess how they relate to the advertising plan.

### The Business Plan

Typically, the business plan relates to a specific division of the company or a strategic business unit (SBU). These divisions or SBUs share a common set of problems and factors that can be identified. Figure on the business strategic planning process

depicts a widely used framework for the strategic planning process that starts with a business mission statement. Such a statement supports the corporate mission and includes the broad goals and policies of the business unit. It might answer questions such as these: Does the business unit want to pursue long-term growth, short-term profits, or technological leadership? How does it feel about its customers, its employees, or its stockholders?

The business next examines its external and internal environment. In the external environment, the business looks for possible opportunities or threats. An opportunity is an area in which the company could develop an advantage over its competition. In the high-tech communication industry, companies such as TCI and AT&T merged to combine resources so that they could capitalize on important opportunities, such as sharing complimentary technologies that will give them a competitive advantage.

A threat is a trend or development in the business environment that will erode business unless the company takes purposeful marketing action. Completion is a common threat and international competition is increasingly a factor. U.S. automakers have begun to meet the threat of Japanese imports. Quest's merger with US West attempts to deflect the threat presented by domestic competitors as well as international competitors such as Siemens. When a business carefully prioritizes its opportunities and the threats against it, it arrives at a much better position for success.

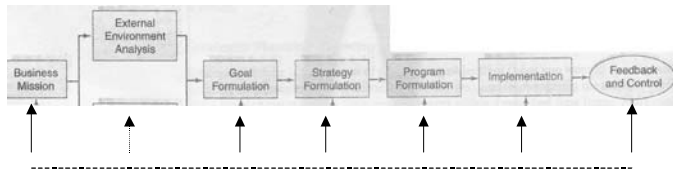
The threat The Weather Channel (TWC) faced was a changing market. Mergers and technological and regulatory developments had heightened competition for cable distribution. In addition, The Weather Channel saw a threat from weather services offered via the Web. To combat the competition, TWC had to change the perception that it was a commodity product (its weakness).

In terms of its strengths, TWC was still seen as a premier weather authority and the established cable weather channel, a position no other channel could offer. Plus, it had a loyal viewer audience. The potential opportunities? If The Weather Channel could persuade viewers and cable distributors that it had a unique and appealing brand image, it could remain the dominant weather channel with cable providers. In addition, if The Weather Channel could establish its image, then its Web site would benefit, too. The risk, however, was that its Web site could cannibalize its cable viewership.

### The Business Strategic Planning Process

**Source: Philip Kotler, Marketing Management, 10th ed. Upper Saddle River, NJ: Prentice Hall. 2000), 76.**





After the business managers have defined the mission and examined the external and internal environment, they can develop specific objectives and goals for the planning period. Most businesses pursue multiple goals at the same time, such as a 10 percent sales growth, a higher return on investment, better quality, stronger brand image, and market share improvement. The year the iMac computer was introduced, Apple expected its iMac computer to sell 750,000 units in 1998 and gain a 6 to 8 percent market share, of which at least 12 percent were converts from the IBM PC platform. These goals should be prioritized, measurable, realistic, and consistent with one another.

Then the business outlines specific strategies that relate to each goal. For example, many corporations throughout the late 1980s and early 1990s viewed low costs of running the business as the best strategy regardless of the goal. CEOs were selected based on their reputation for ruthless cost cutting. Sunbeam CEO AI Dunlap (known as Chainsaw AI), who downsized Sunbeam by 30 percent, is a prime example of leader who used cost cutting as a one size-fits-all strategy. Sunbeam's workforce, net profits, and sales growth were harmed as a result. The strategy must match the business mission and its goals. Other companies, such as Microsoft, believe that technological innovation is the best means to support its business mission of innovation, regardless of the costs. Still other companies, such as Conagra, maker of Healthy Choice, use a strategy of focusing on one market-the health conscious-to achieve its sales growth.

Once the business develops its key strategies for attaining its goals, it must work out supporting programs, also known as tactics, for carrying out these strategies. Let's say that a business decides to become a leader in software technology. Its tactics might include strengthening its research and development department, gathering intelligence on the newest technologies that might affect the business, and so forth.

Even the best plans run the risk of failure if there is poor implementation. Although some businesses have wonderful planners, they simply cannot handle the hundreds of decisions that are required to implement the plan. Assuming that the new plan is implemented, the business needs to track the results and monitor late developments in the environment. Depending on these findings, the company must determine what, if any, adjustments are necessary.

## The Marketing Plan

I think this topic was covered in marketing paper but still we will have to study this from advertising point of view.

As you know that a marketing plan is a written document that proposes strategies for using the elements of the marketing mix to achieve marketing objectives. It analyzes the marketing

situation, identifies the problems, outlines the marketing opportunities, sets the objectives, and proposes strategies and tactics to solve these problems and meet objectives. A marketing plan is developed and evaluated annually, although sections dealing with long-term goals might operate for a number of years. Some companies are finding that the marketplace changes so rapidly that plans have to be updated more frequently than once a year, so they opt for shorter revision timeframes.

To a large extent, the marketing plan parallels the business strategic plan and contains many of the same components, as we see in the Figure given below. For advertising managers, the most important part of the marketing plan is the marketing strategy. It links the overall strategic business plan with specific marketing programs, including advertising. Also, the marketing plan is able to draw on much of the necessary preliminary research that the business plan supplies. As a result, the marketing plan begins with a statement of objectives and assesses the external and internal environments on an as-needed basis. In the sections that follow, we explore each step in the marketing plan development process.

## Marketing Objectives

The marketing planning process often begins with a selection of objectives. The objectives may refer to a percentage of market share, unit sales, store traffic, or profit. In some companies the marketing planning process generates the company's corporate objectives; in others, the company's overall corporate objectives determine the marketing objectives. In most successful companies, corporate objectives and marketing objectives influence each other.

Guided by the marketing objectives and market research, the marketer must then identify and evaluate market opportunities. Finding the cure for cancer, for example, is a market opportunity for hundreds of pharmaceutical and research firms. Customers' complaints or suggestions sometimes identify opportunities. In the case of high-tech companies, opportunities are often little more than a new product looking for a problem. It took the marketing people at 3M more than 40 years to find a profitable use for the adhesive that led to Post-It Notes. In either case, companies must have a mechanism for collecting information, examining trends, and assessing possible opportunities.

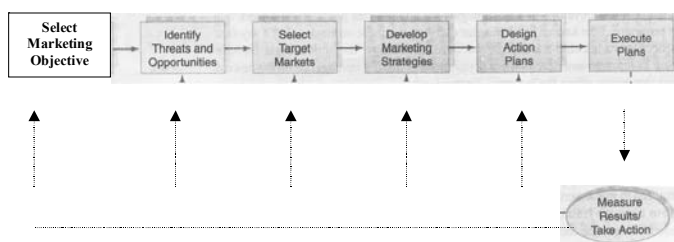
## Marketing Problems and Opportunities

The heart of strategic planning is analysis, the process of figuring out what all the information and data mean. After you have studied what sometimes seems to be a mountain of information, the problems and opportunities begin to emerge. Spotting the key problem is often tough. It takes experience, marketing sophistication, an analytical mind, and a unique way of looking at things.

An old adage says that a problem is merely an opportunity in disguise. Sometimes marketers can solve identified problems. Sometimes they have to circumvent problems. Those with creative minds can turn still other problems in opportunities.

The problem The Weather Channel faced was to create a brand image to overcome competition and the perception that it was a commodity product. To build its brand image

## Steps in the Marketing Plan



TWC had to analyze its audience more carefully. In doing that, it discovered that its product was more interesting and powerful than previously recognized. The problem led to a recovery that could turn into an opportunity—the chance to build its brand, strengthen its current viewer base, and reach a broader audience.

### Selecting Target Markets

As we know from our earlier lessons that a market segment is a group of consumers having one or more similar characteristics. The dog food market, for example, is segmented according to age of the dog, its weight or breed, and its activity level. Dog-owning consumers make choices among brands in these three or four segments. A company such as SmithKline Beecham selects market segments that can best be served from a competitive point of view. The segments selected are the target market.

### Marketing Strategies

An important part of planning is identifying the key strategic decisions that will give the product or firm a competitive advantage in the marketplace. Strategy selection begins with several assumptions that the marketer makes about the market. These assumptions determine the relative emphasis to be given to each of the marketing mix elements and lead to the next stage of the planning process.

To develop specific action plans; each element of the marketing strategy must be dissected. Typically, at this stage, marketers specify plans for each aspect of the marketing mix. Simply using different proportion of these mix variables makes dramatic differences in marketing action programs possible. The goal is to design a marketing mix that will appeal to the target market and prove profitable, given the limitations imposed by available resources and the requirements of the marketing strategy.

## Executing Plans

Implementing the typical marketing plan requires a great number of decisions. Making sure the product reaches the warehouse at the right time, that ads are run on schedule, and that salespeople receive the right support material are just a few of the details that must be tracked day by day, or even minute by minute. Poor execution has been the downfall of many excellent marketing plans. A case in point is Stouffer Foods Corporation's Right Course frozen dinner entrees. Relying heavily on its reputation for high quality, Stouffer decided to introduce upscale, ethnic offerings such as Chicken with Peanut Sauce and Fiesta Beef with Corn Pasta. These choices were made without any input from retailers. In addition, the advertising campaign didn't appear until 4 weeks after the products were introduced. Needless to say, the products did not sell well.

### Evaluating Plans

Every marketing plan must include an evaluation component that compares actual performance with planned performance. In most modern businesses, technology allows classes to several comparison indicators that management can monitor over any time intervals they choose. Usually, an annual review is a minimum. In addition to collecting performance data, managers must assess why particular results have occurred. Finally, if the marketer determines that the gap between objectives and performance is significant enough, corrective action must be taken.

Those College Pranks	
<p>Clothing retailer Abercrombie &amp; Fitch welcomed the nation's college students to campus with a so-called "back-to school" issue of its catalog magazine, The A&amp;F Quarterly. The magazine, which the company calls "a chronicle of the American college experience," has articles about college life along</p> <p>I with displays, of Abercrombie's rustic and casual wear, a staple of some undergraduates' wardrobes.</p> <p>But one feature is causing an uproar: a page titled "Drinking 101." It offers recipes for 10 hard-core cocktails and ' a spinner for a game board that students can use to decide which drink to mix. "Rather than the standard beer binge, indulge in some creative drinking this semester," the publication urges its young readers.</p> <p>The retailer's call for heavy drinking alarmed Mothers Against Drunk Driving. The organization says that three quarters of college-aged students aren't old enough to drink legally. "This is a blatant example of a big corporation setting profits ahead of the health and safety of their consumers," says Carolyn V. Nunnallee, MADD's national president.</p> <p>I "They've put out the Playboy of back-to-school catalogs."</p> <p>Abercrombie admits the drink menu isn't exactly in good taste. But Lonnie Fogel, a spokesperson for the Reynoldsbury,</p>	<p>Ohio retailer, says, "Who's kidding whom? College is a major rite of passage for all of us in terms of accepting responsibility. This topic falls within the range of editorial content of a magazine that writes about college life."</p> <p>Abercrombie agreed to pull all available issues of the A&amp;F Quarterly at a cost of \$200,000 and redistribute them with a sticker on the front that reads: "We don't want to lose anybody to thoughtlessness and stupidity. For some, part of college life involves partying and drinking—be smart and responsible." MADD calls the stickers a Band-Aid when surgery is needed. "They're just going through the motions," Nunnallee says. "This will do absolutely nothing for the cause."</p> <p>"We don't feel an apology is called for," says Fogel. "Nobody feels it was a stupid thing to do."</p> <p>Its Your Turn</p> <ol style="list-style-type: none"> <li>1. Are there other members of the target audience who will be offended by this catalog feature?</li> <li>2. Should companies such as Abercrombie &amp; Fitch reflect the values of some of its customers or establish ideals?</li> </ol> <p>Source: Carl Quintanilla, "Dude! Clothier's Catalog Sells Students on Drinking: The Wall Street Journal (July 24, 1998): 81.</p>

### Now Lets Discuss the Advertising Plans

Advertising planning, which must dovetail with marketing planning, can occur at three levels.

- A firm may operate with an annual advertising plan.
- In addition to or instead of an annual advertising plan, a firm may develop a campaign plan that is more tightly focused on solving a particular marketing communication problem.
- Finally, a company may put together a copy strategy for an individual ad that runs independently of a campaign. The advertising plan and the campaign plan are similar in outline and structure.

The following discussion focuses on the elements of an advertising plan or a campaign plan. These are the responsibility of the account manager.

An advertising plan matches the right audience to the right message and presents it in the right medium to reach that audience. Three basic elements summarize the heart of advertising strategy:

- Targeting the audience. Whom are you trying to reach?
- Message strategy. What do you say to them?
- Media strategy. When and where will you reach them?

The outline that guides the development of an annual or campaign advertising plan is similar in some ways to the development of a marketing plan. The development of both marketing and advertising plans includes a situation analysis of problems and opportunities and identifies objectives and strategies. The most important differences are in the sections of the advertising or campaign plan that focus on message and media strategies. Table 7.1 shows a sample advertising or campaign plan outline.

#### Introduction

Because not everyone wants to read the entire advertising plan, the introduction should provide an executive summary or overview of the plan. The former highlights the key elements of the plan in a page or less. The overview is more detailed, outlining the plan and the important ideas of each part in a page or two.

#### Situation Analysis

The first step in developing an advertising plan, just as in a marketing plan, is not planning but backgrounding, researching and reviewing the current state of the business that is relevant to advertising communication. This section details the search for and analysis of important information and trends affecting the marketplace, the competition, consumer behavior, the company itself, and the product or brand. The key word in the title of this section is analysis, and that means making sense of all the data collected and figuring out what the information means for the future success of the product or brand. Despite everyone's best efforts, there will always be factors that are overlooked or misanalyses.

#### Problems and Opportunities

One way to analyze the situation is in terms of the communication problems that affect the successful marketing of a product and the opportunities the advertising can create or exploit.

Analyzing the situation and identifying the problem that can be solved with an advertising message are at the heart of strategic planning:

Different agencies use different strategies. DDB Needham searches for "Barriers to Purchase" These barriers are reasons why people do not buy any or enough of a product. The American Dairy Association asked DDB Needham to find out why cheese communication was declining. A study identified the major barriers to consumption and directed the agency toward the one barrier that was most easily correctable through advertising: the absence of simple these recipes for homemakers.

Flowers Direct is a long-distance floral delivery service that competes with FTD and 1-800-FLOWERS, both of which research discovered, have a major weakness that Flowers Direct can exploit. Flowers Direct connects the caller with a florist in the area where the customer is sending the flowers, rather than having the customer place the order with a neighborhood florist. The advertising challenge was to explain this problem to the consumer and then capitalize on Flowers Direct's opportunity to create a competitive advantage.

Advertising can solve only message-related problems such as image, attitude, perception, and knowledge of information. It cannot solve problems related to the price of the product, availability, or quality. However, a message can speak to the perception that the price is too high. It can portray a product with limited distribution as exclusive. In other words, although advertising does not determine the actual price or availability of a product, it can affect the way price and availability are perceived by consumers.

### Building a Successful Advertising Plan

Before you can Advertise Effectively, you need to Answer these Important Questions

May 10, 2004

By Roy H. Williams

**Q: What do you think is a better advertising plan: \$2,000 in direct postcards reaching roughly 3,500 people, or \$2,000 in a newspaper ad reaching 750,000 readers?**

A: It depends entirely on what you say in your ad. If your impact quotient is high enough, your best bet will be the newspaper. If the direct postcards are delivered precisely to "the perfect target" (which is not very likely), then the direct-mail route is preferable.

Based on the fact that I don't know the answers to either of these questions, my guess is that neither the direct postcards nor the newspaper will work for you. My advice is that you keep your \$2,000 in your pocket until you come up with an actual plan. These are the hard questions you need to answer:

1. What do you have to say that matters to your customer? I'm your prospective customer. I know you want my business, but why should I care? What's in it for me? Most ads are written under the assumption that the reader, listener or viewer has a basic level of interest and is paying close attention to the ad. But customers tend to ignore all ads that

do not speak directly to them. Your first task is not media selection; it's message selection

2. Can you say it persuasively? Most ads are ineffective because the writer was trying to say too much, include too much and be too much. Fearful of leaving someone out, these writers write vague, all-encompassing ads that speak specifically to no one. "We Fix Cars" is a terrible headline for an ad.
3. Are you speaking to a felt need? Let's say the "We Fix Cars" auto mechanic has a great deal of affection for older BMW 2002s. He knows that 2002 owners love their cars like few drivers on the road and that the only weakness of the 2002 is its evil Solex carburetor. Every 2002 owner knows this, too. So he writes the headline, "BMW 2002 Owners: Aren't You Tired of Fooling With That Solex by Now?" In the body of the ad, he talks about the fabulous new Weber two-barrel carburetor now available for BMW 2002s, raves about how it dramatically increases performance and reliability, explains that he keeps these new Weber carburetors in stock at his shop, then names the price at which he will install and adjust that carburetor for you. He closes the ad by saying, "You'll rocket out of here in a completely different BMW than the one you drove in." If a list of BMW owners in your area is available for a direct-mail card (such as the list from the local BMW club), then a direct-mail card or flier would be the way to go. But if no such list is available, the newspaper might be a second choice. In either case, you'd want to include a large picture of a BMW 2002 to serve as a recall cue and help gain the attention of your target customer.
4. How long is your time horizon? Some ads build traffic, some build relationships and others build your reputation. If you don't have the financial resources to launch a true branding campaign focused on building relationships and reputation among potential customers, you're going to have to settle for traffic-building ads until you can afford to begin developing your brand. To what degree do you have financial staying power?
5. What is the urgency of your message? If you need an ad to produce immediate results, your offer must have a time limit. This technique will simultaneously work for and against you. On one hand, customers tend to delay what can be delayed, so limited-time offers generate traffic more quickly since the threat of "losing the opportunity" is real. On the other hand, customers have no memory of messages that have expired; short-term messages are erased from our brains immediately. Therefore, it's extremely difficult to create long-term awareness with a series of limited-time-offer, short-term ads.
6. What is the impact quotient of your ad? How good your ad must be depends on the quality of your competitors' ads. A .22-caliber pistol is a weapon against an opponent with a peashooter. But aim that pathetic pistol at an opponent holding a machine gun, and you can kiss your silly butt goodbye. How powerful is the message of the opposition? If your competitor carries a machine gun, don't go where he goes. In other words, don't use the media he uses.
7. How long is the purchase cycle? How long it will take your advertising to pay off is tied to the purchase cycle of your product. Ads for restaurants work more quickly than ads for sewing machines, because a larger percentage of people are looking for a good meal today than are looking for a machine that will let them make their own clothes. Likewise, an ad for a product we buy twice per year will produce results faster than an ad for a product we buy only once a year. Remember, a customer first has to be exposed to your ad often enough to remember it, then you have to wait for that customer to need what you sell. How soon will he or she likely need it?

Not hiring a professional ad writer is often far more expensive than hiring one. If you'd like to read more about this stuff, most libraries and bookstores are full of books on advertising, including three of my own.

### Advertising Strategy Decisions

Several decisions are crucial to developing advertising strategy: how to set objectives and identify the target audience, create a competitive advantage, position a product, and establish a brand image and brand personality.

### Advertising Objectives

The statement of advertising objectives evolves directly from the problem and opportunity analysis and states what the advertising message must accomplish and what effect it must have on its audience. Basically, advertising seeks to establish, modify, or reinforce attitudes, causing consumers to try a new product, buy more of it, or switch brands. Brand advertising tries to create an image or personality for a product and carve out a unique position for it.

Models of effects help us to analyze message impact and structure objectives as a series of steps called a hierarchy of effects. One classic approach, the AIDA model, describes the effect on consumers, starting with attention, then moving to interest, then desire, and finally action. A variation of the model developed by advertising researcher Russell Colley, called the DAGMAR model (defining advertising goals for measured advertising results), begins with awareness, moves to comprehension, then conviction, and ends with action.

DAGMAR works like this: If you have skin allergies and Procter & Gamble advertises a new detergent for people with sensitive skin, the ad will probably catch your attention—you are aware of a possible desire for the product. If you are the person who buys detergent for your household, then you may find yourself interested in the idea of this new formulation—you have comprehended its value and are convinced with it and you find it worth considering. You may want to try it, so when you receive a coupon in the mail, you may respond by picking up a trial package when you are at the store; in other words, you are spurred to action.

As in the Figure SETTING OBJECTIVES USING A HIERARCHY-OF-EFFECTS MODEL demonstrates simpler effects, such as awareness, are easy to create and get high levels of response. In other words, a lot of people may be aware of the product, but far fewer will actually try it. The hierarchy model illustrates the relative impact of these various effects,



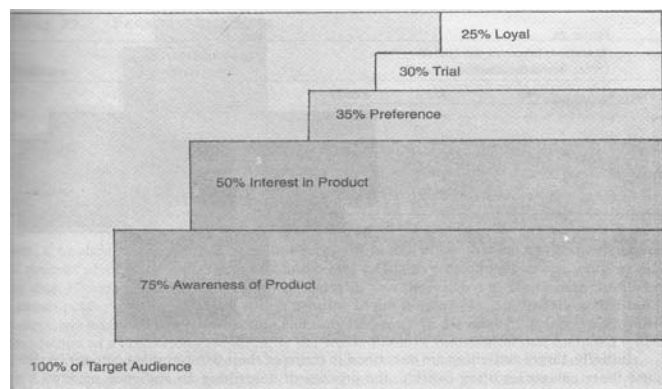
with the simplest but broadest impact at the bottom and the most complex but smallest impact at the top.

Researcher Michael Ray developed the think-feel-do model of message effects, which presumes that we approach a purchase situation using a sequence of responses. We think about something, then we form all opinion or attitude about it (feel), and finally we take action and try it or buy it (do). This model identifies three categories of effects called cognitive (mental or rational), affective (emotional), and cognitive (decision or action). Researchers Robert C. Lavidge and Gary A. Steiner associate these categories with the hierarchy of effects in the model depicted in Figure of THE THINK-PEEL-DO MODEL ARRAYED AS A HIERARCHY.

The think-feel-do model is also called the high-involvement model because it depicts a series of standard responses typically found with consumers who are active participants in the process of gathering information and making a decision they are active thinkers. This standard hierarchy usually applies to product categories and situations in which there is a need for information, such as high-priced or major purchases, or where there is a lot of product differentiation, as in industrial products and consumer durables. This type of advertising usually provides many product details and is very informative.

In contrast, the low-involvement model changes the order of responses to think- do and feel with the idea that consumers learn about a product, try it, and then form an opinion.

#### Setting Objectives using a Hierarchy-of- Effects Model



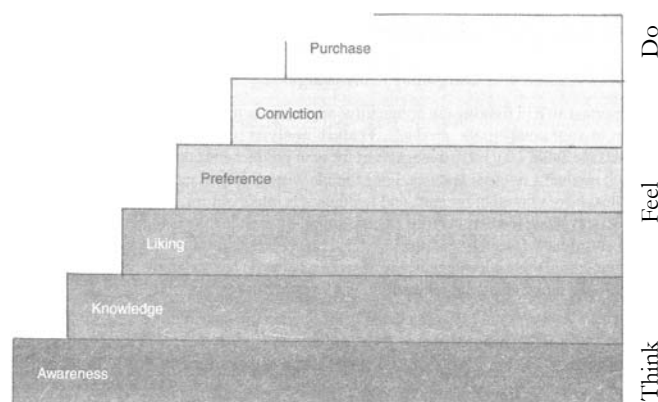
Situation occurs when there is little interest in the product or when there is minimal difference between the products, requiring little decision making. It also describes impulse purchasing. A third variation is the do-feel-think model, which explains how people try something and learn from the experience. It is called a rationalization model because consumers typically select from several alternatives and then rationalize their decision by developing strong positive feelings about the product.

#### Targeting the Audience

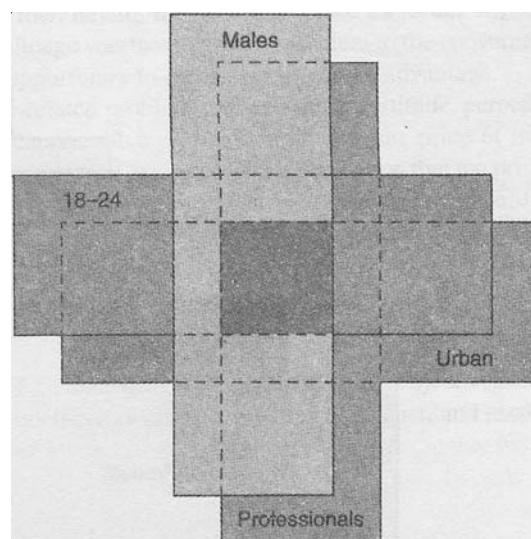
Advertising identifies a target audience, people who can be reached with a certain advertising medium and a particular message. The target audience can be equivalent to a target market, but it often includes people other than prospects, such as those who influence the purchase. For example, the target audience for an over-the-counter diet program might include

doctors, pharmacists, dietitians, and government agencies concerned with health and nutrition, as well as consumers.

#### The Think-peel-do Model Arrayed as a Hierarchy



#### Targeting Involves the use of Overlapping Descriptors to Identify The Most Receptive Audience



Initially, target audiences are described in terms of their demographic categories. Because these categories often overlap, the process of describing an audience narrows the targeting. For example, you might use such descriptors as “women aged 25-35” and “suburban mall shoppers.” These two categories overlap because a certain percentage of women aged 25-35 are also in the suburban mall shopper category. Each time you add a descriptor, the target audience gets smaller because the group is defined more tightly. This kind of analysis lets the advertising planner zero in on the most responsive audience. Figure of Targeting Involves The Use Of Overlapping Descriptors To Identify The Most Receptive Audience illustrates how these descriptors pinpoint a target. Demographic descriptions such as these are particularly important to media planners who are comparing the characteristics of the targeted audience with the characteristics of the viewers, listeners, or readers of a particular medium.

The Weather Channel defined its target audience by profiling a “weather fan”-the most passionate fans first and foremost, and other fans who were interested enough to enjoy viewing TWC

on a regular basis. The fans include both men and women, adults aged 18 and older. They read the weather report in the newspaper and frequently listen to news weather reports on the radio or on national TV.

Advertisers also create a profile of the typical audience member's personality and lifestyle. The attempt here is to make that "typical" person as real as possible for the creative people, who then try to write believable messages that will appeal to this person. For this reason, advertising planners usually redefine the target as a profile of a typical product user. Writers then associate that general profile with someone they know so they can write creative messages more easily and believably.

#### Product Features and Competitive Advantage

An important step in figuring out competitive advantage is to analyze your product in comparison to your competitors' products. Feature analysis is an easy way to structure this analysis. First, make a chart for your product and competitors' products listing each product's relevant features. For example, taste is important for sodas, horsepower and mileage are important for cars and mileage trendiness is important for fashion watches.

Next, evaluate the lists in terms of how important each feature is to the target audience (based on primary research) and then evaluate how well the products perform on that feature. Your competitive advantage lies in the area where you have a strong feature that is important to the target and your competition has a weaker one.

#### Brand Personality

Creating a brand personality for a potato might sound like an impossible challenge, but: actually has been accomplished in the case of Idaho Potatoes. The Idaho Potato Commission,

Table	FEATURE ANALYSIS				
	Importance to				
Feature	Prospect		Product Performance		
		You	X	Y	Z
Price	1	+	-	-	+
Quality	4		+		+
Style	2	+	-	+	
Availability	3	-	+	-	
Durability	5	-	+	+	+

a small state agency, has been so successful in this effort that studies show that over 82 percent of all Americans recognize and prefer an Idaho potato to all others, a higher rating than Florida citrus or Washington apples. Has this success led to consumers confusing a russet potato grown anywhere with a genuine Idaho potato? No. Studies show that most Americans know that an Idaho potato can only be grown in the state of Idaho. This awareness is due to a concerted campaign by the Idaho Potato Commission that included registering "Idaho" when used with potatoes as a federal certification trademark and educating the public about the unique qualities of Idaho

potatoes. Consumers were also taught to look for the "Grown in Idaho" seal so that they could be certain that they were only purchasing genuine Idaho potatoes.

The Weather Channel ad campaign concentrated on imbuing the company with a brand personality that was fun yet passionate. To do this, TWC's ad agency took a humorous approach that made it normal and even hip to have an irrational passion for a weather cable channel.

#### Positioning Strategies

How consumers perceive a product relative to its competition is called positioning. Positioning is a marketing strategy, but businesses can position products through advertising. To overcome The Weather Channel's commodity image and to give it a distinct market position, ad agency TBWA Chiat/Day repositioned TWC around its passion for weather, rather than focusing on its forecasting expertise. But market research suggested that to completely reposition TWC, the advertising had to do more than convey TWC's passion. It also had to celebrate the viewer's passion for weather in such a way that made it OK for them to "come out of the closet" and to make TWC socially acceptable to a broader audience.

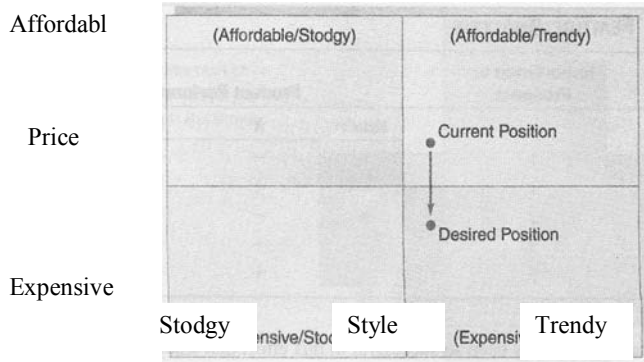
#### Perceptual Maps

Positioning research begins with feature analysis. From this research advertisers should be able to describe the most relevant attributes of their product. They can then create a map of the marketplace that locates the position of their product relative to the positions of all the competitors. Figure A Two-Dimensional Perceptual Map That Examines Two Product Attributes: Price And Style shows a sample two-dimensional perceptual map based on the feature analysis.

Strategically, the first step is to identify the current position of the product, if one exists, using some form of perceptual mapping. Advertisers must establish a position for a new product and for some existing ones. For ongoing product lines, the decision is to reinforce a current position or move to the ideal position or a more favorable position.

An important part of the strategic process is to consider and appropriately incorporate the other elements of marketing communication with the advertising strategy. These elements, will be discussed in later lessons, include sales promotions, public relations, packaging, point of purchase, direct marketing, personal selling, sponsorships, and all other promotional activities. The GE Exchange ad encourages businesses to buy its prepaid calling card as a promotional item. Promotions provide an extra incentive to buy.

## A Two-dimensional Perceptual Map That Examines Two Product Attributes: Price And Style



### Implementation

The last section of an advertising plan contains details of the implementation of the tactics including scheduling, the budget, and techniques for evaluating the effectiveness of the advertising plan. Executing the advertising plan is undoubtedly the most difficult part of the plan. There are thousands of details and missing even one deadline might mean scrapping an entire campaign. Ad agencies must have “traffic” people who make sure everything is done as described and as scheduled.

### Evaluation

Evaluation is based on how well the plan meets its objectives; a variety of research technique can monitor effectiveness. One specific type of evaluation is copy testing, a scientific evaluation of the effectiveness of advertising. As noted earlier, an increase in sales is often explicit goal.

Sometimes, linking advertising directly to sales is difficult. Take Wow! Chips, proclaimed “the most successful new product in a decade” by top management. The company never disclosed Wow! sales figures, saying only that “consumers have already bought more than 100 million bags.” There is also evidence that Wow! brands appear to be cannibalizing Frito’s other low-fat snack, Baked Lays. The latter sales have dropped nearly 30 percent since the introduction of Wow ! Frito maintains that sales of both Wow! and Baked Lays are good. When asked whether Wow! is cannibalizing Baked Lays, a company spokesperson says, “It’s too early to telling.

### Notes

## LESSON 36 : ADVERTISEMENTS DISCUSSION

### Objective

Student after doing this Ad analysis you will be able to learn which all aspects should be taken into consideration to see whether it is effective or not.

In a group of five do this:



**Headline:** You can tell from the outside which paint they use on the inside

**Baseline:** A feel of velvet, the glow of pearls.

**Agency:** R K Swamy/BBDO



**Headline:** More power inside a WagonR.

**Subhead:** -

**Bodycopy:** Makes every drive a thrilling experience. Besides making your spirits soar.

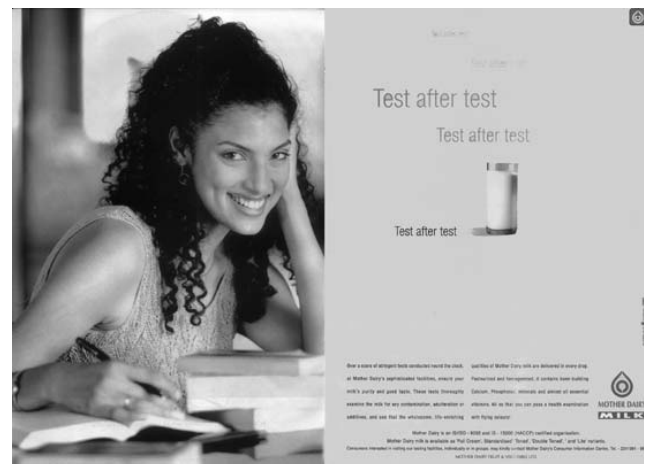
**Baseline:** Feel at home.

**Agency:** Saatchi & Saatchi



**Baseline:** Play safe

**Agency:** AmbienceD'Arcy



**Headline:** Test after test

**Subhead:** Test after test Test after test Test after test Test after test

**Bodycopy:** Over a score of stringent tests conducted round the clock, at Mother Dairy's sophisticated facilities, ensure your milk's purity and good taste. These tests thoroughly examine the milk for any contamination, adulteration or additives, and see that the wholesome, life-enriching qualities of Mother Dairy milk are delivered in every drop. Pasteurized and homogenized, it contains bone-building Calcium, Phosphorus, minerals and almost all essential vitamins. All so that you can pass a health examination with flying colours!

**Agency:** Interact Vision





**Headline:**

**Subhead:** LG adds zing to your IT experience.

**Bodycopy:** LG ITware is designed to excite you, delight you. Right from Monitors to Disc Drives to MP3 players to Net-enabled Devices. So connect with LG ITware. Connect with a wonderful IT experience.

World's first 3-in-2 MP3 Player.

The incredible i-Monitor. With built-in net surfing capability.

International award-winning Flatron Monitors.

PC-Cam. For a never-before internet experience.

The highly reliable Optical Disc Drives.

The picture perfect TFT/LCD monitors.

**Baseline:** Expand your life

**Agency:** Lowe Lintas

**Headline:**

**Subhead:** Worn best with smiles, joy and laughter.

**Bodycopy:** Tanishq captures the joy of feeling young. In a resplendence of traditional and modern jewellery. Created by award winning designers. At prices so reasonable. For the woman who will always stay young.

**Baseline:** Pure jewellery. Pure joy.

**Agency:** Lowe Lintas

**Client:** Tanishq

**Headline:** Without telling me, he spent his Diwali bonus this year. So why am I mad with joy?

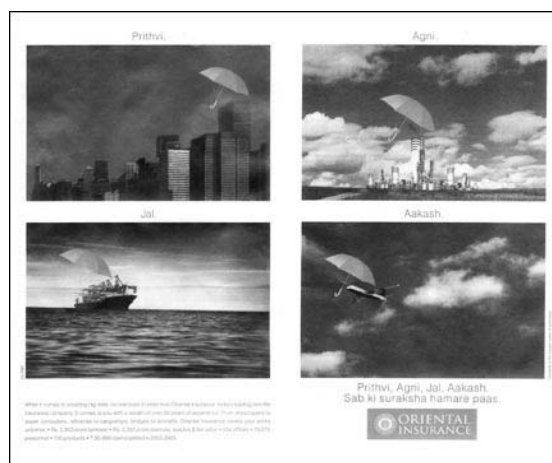
**Subhead:**

**Bodycopy:** This has to be my most sparkling Diwali ever. He may not have spent a fortune on my diamond ring, but he's made me feel absolutely priceless. I'm looking forward to him not telling me next year.

**Baseline:** A diamond is forever

**Agency:** HTA

**Client:** De Beers



**Headline:**

**Subhead:**

Prithvi.

Jal.

Agni.

Aakash.

**Bodycopy:** When it comes to covering big risks, no one does it better than Oriental Insurance. India's leading non-life insurance company, it comes to you with a wealth of over 50 years of experience. From skyscrapers to super computers, refineries to cargoships, bridges to aircrafts, Oriental Insurance covers your entire universe. • Rs. 2,580 crore turnover • Rs. 2,350 crore reserves, surplus & fair value • 934 offices • 19,075 personnel • 150 products • 7,00,000 claims settled in 2002-2003

**Baseline:** Prithvi, Agni, Jal, Aakash.

Sab ki suraksha hamare paas.



**Headline: -**

**Subhead: -**

**Bodycopy:** I am free

Free to make the whole family watch cartoons

Free to take advantage of daddy's mood

Free to be the next to next to next Miss Universe

Free to change clothes dozen times of day

**Baseline: -**

**Agency:** Ushak Kaal

**Client:** Freelook Jr.

For each of the commercial, discuss the following:

- What appeal or appeals have been used
- What elements of the commercial are particularly striking
- What is the target audience
- Are any elements of the commercial particularly memorable
- What aspects of the commercial relate to the product or service
- Why do you think the commercial was successful

- In what ways could the commercial be described as 'effective'
- What objectives might the advertisers have had - for example, raising awareness, selling products etc?

Notes

## LESSON 37: BENEFITS, METHODS, ROLE OF POSITIONING, IMPORTANCE

### Objective

Students by the end of this lesson you will be clear with different aspects of positioning. You will be clear with perceptual mapping and positioning by Ries and Trout.



Students lets move on to positioning.

If I say TV, what comes first to your mind probably you will say LG Plasma or Sony Wega or any other. But why is it that you have called out respective names only because that is how they have positioned themselves in your mind in terms of awareness.

Positioning is defined as the act of designing the company's offering and image to occupy distinctive place in the target market's mind

The main points that you should remember are:

- Positioning is the final part of the SEGMENT - TARGET - POSTION process
- Positioning is undoubtedly one of the simplest and most useful tools to marketers.
- Positioning is all about 'perception'. As perception differs from person to person, so do the results of the positioning map e.g. what you perceive as quality, value for money in terms of worth, etc, is different to my perception. However, there will be similarities in certain cases.
- After segmenting a market and then targeting a consumer, next step will be to position a product within that market. It refers to a place that the product offering occupies in consumers' minds on important attributes, relative to competing offerings. How new and current items in the product mix are perceived, in the minds of the consumer,

therefore re-emphasizing the importance of perception!!  
New Product—need to communicate benefits

### S-T-P

- Segmentation *Defining*
- Targeting *Selecting*
- Positioning *Attacking*

Before getting into the details of positioning lets us have a recap of what STP is all about

### Segmentation - Targeting - Positioning Overview

When we are discussing about STP it is a process of segmenting markets in terms of dividing the market and then targeting an attractive segment and finally you are positioning the product with potential customers in the target group.

In general, we can say that a segment is a relatively a homogenous group that has got high potential customers who make their purchases based on similar criteria and motivations, act in a substantially similar way (e.g. decision processes, shopping patterns), and can be communicated to using the same focused media (e.g. watch the same TV shows or read the same magazines).

More specifically, segmentation is the definitional process of disaggregating a mass market into compartmentalized subsets based on criteria such as demographics (e.g. age, sex, location, income), psychographics (e.g. attitudes, interests, lifestyles), usage (e.g. heavy or light users), and benefits sought (e.g. convenience, safety, power).

Strategically, the most effective segmentation is typically based on a creative slicing of the market (like benefit segmentation), rather than the application of traditional demographic variables (like age or income).

The next step, after defining alternative segmentation schemes, is the analytically based decision process of targeting, i.e. selecting segments that are inherently attractive and that closely match the company's strengths.

Without looking at the further discussion can you guess the most attractive segment that can be targeted?

In general, we can say the most attractive segments to target are those that are:

- Prospectively profitable: the segment's characteristics (e.g. price levels, growth rate) and competitive environment (e.g. number of competitors, basis of competition) are conducive to a growing pool of profits.
- Homogeneous within the segment, i.e. members are relatively similar with respect to attitudes, buying criteria, media habits, etc.
- Heterogeneous across segments, i.e. members in different segments have fundamental differences and act accordingly.
- Accessible: members can be reached effectively with communications, and shop in outlets through which products can be efficiently distributed.
- Winnable: the company's distinctive strengths match the segment's requirements and provide an advantage versus competition, so the company can reasonably expect an acceptable share of the industry profits.

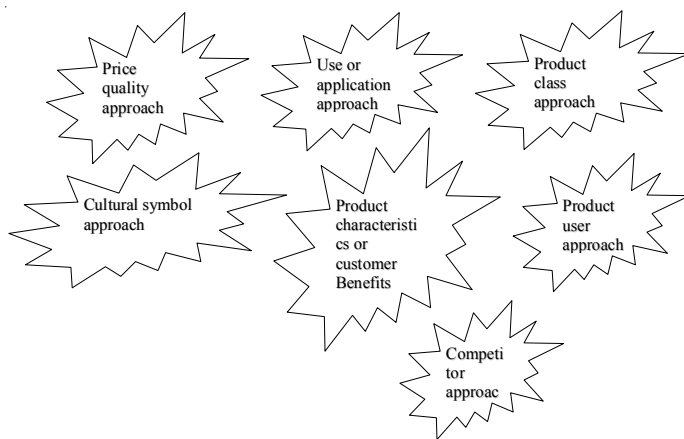
You should know that whenever we are planning there are lots of strategic decisions that are taken which are applicable in case of positioning also. Now let us discuss about the strategies that are involved in positioning.

You should try and focus on positioning strategy aspect more because you can apply it successful only if you clear with conceptual part of it.

### Positioning Strategies

Basically this positioning strategy can provide a focus in the development of an advertising campaign. The strategy can be conceived and developed in a variety of ways. It can be derived from the object attributes, competition, specific application, the types of consumers involved, or the characteristics of the product class. All these attributes represent a different approach in developing a positioning strategy, even though all of them have the common objective of projecting a favorable image in the minds of the consumers or audience. There are seven approaches to positioning strategy:

Using Product Characteristics or Customer Benefits



Lets us Discuss these One by One

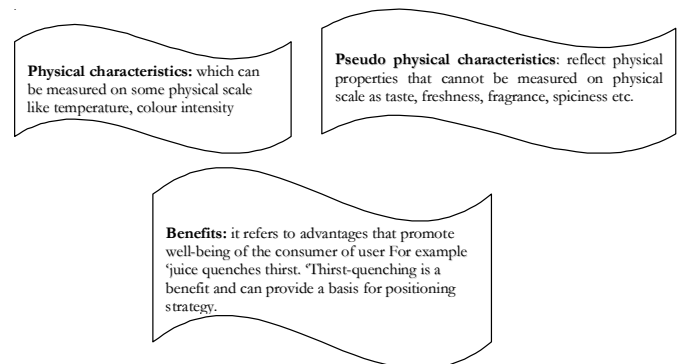
#### 1. Using Product characteristics or Customer Benefits

This strategy basically focuses upon the characteristics of the product or customer benefits. For example if I say Imported items it basically tell or illustrate a variety of product characteristics such as durability, economy or reliability etc. Lets take an example of motorbikes some are emphasizing on fuel economy, some on power, looks and others stress on their durability. Hero Cycles Ltd. positions first, emphasizing durability and style for its cycle.

In fact we can position a product with respect to its characteristics that competitor has ignored. Brands of paper towels have emphasized absorbency until Viva was successfully introduced stressing durability. Viva demonstrations showed their products durability and supported the claim that 'Viva keeps on working'.

At times even you would have noticed that a product is positioned along two or more product characteristics at the same time. You would have seen this in the case of toothpaste market, most toothpaste insists on 'freshness' and 'cavity fighter' as the product characteristics. It is always tempting to try to position along several product characteristics, as it is frustrating to have some good characteristics that are not communicated.

Myers and Shocker have Classified Product Characteristics



#### 2. Price – Quality Approach or Positioning by Price-Quality

Lets take an example and understand this approach just suppose you have to go and buy a pair of jeans, as soon as you enter in the shop you will find different price range jeans in the showroom say price ranging from 350 rupees to 2000 rupees. As soon as look at the jeans of 350 Rupees you say that it is not good in quality. Why? Basically because of perception, as most of us perceive that if a product is expensive will be a quality product where as product that is cheap is lower in quality. If we look at this Price – quality approach it is important and is largely used in product positioning. In many product categories, there are brands that deliberately attempt to offer more in terms of service, features or performance. They charge more, partly to cover higher costs and partly to let the consumers believe that the product is, certainly of higher quality.

But you should understand that in the same product category, there are many other brands that appeal on the basis of price, although they might also try to perceive as having



comparable or at least adequate quality. In many product categories, the price quality approach is so important that it needs to be considered in any positioning decisions mainly in durable consumer goods. For example, in general merchandise stores, Sabka Bazar is at the top end and all other departmental stores are positioned under it in terms of price. The advertiser must maintain his image of low price while communicating a quality message but there is always a risk that the quality message will blunt the basic low price position. So if you want to position your product in terms of price and quality you have to be very careful.

### 3. Positioning by Use or Application

Lets understand this with the help of an example like Nescafe Coffee for many years positioned it self as a winter product and advertised mainly in winter but the introduction of cold coffee has developed a positioning strategy for the summer months also. Basically this type of positioning-by-use represents a second or third position for the brand, such type of positioning is done deliberately to expand the brand's market. If you are introducing new uses of the product that will automatically expand the brand's market

### 4. Positioning by Product Process

Another positioning approach is to associate the product with its users or a class of users. Makes of casual clothing like jeans have introduced 'designer labels' to develop a fashion image. In this case the expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality communicated as a product user.

Lets not forget that Johnson and Johnson repositioned its shampoo from one used for babies to one used by people who wash their hair frequently and therefore need a mild people who wash their hair frequently and therefore need a mild shampoo. This repositioning resulted in a market share.

### 5. Positioning by Product Class

In some product class we have to make sure critical positioning decisions For example, freeze dried coffee needed to positions itself with respect to regular and instant coffee and similarly in case of dried milk makers came out with instant breakfast positioned as a breakfast substitute and virtually identical product positioned as a dietary meal substitute.

### 6. Positioning by Cultural Symbols

In today's world many advertisers are using deeply entrenched cultural symbols to differentiate their brands from that of competitors. The essential task is to identify something that is very meaningful to people that other competitors are not using and associate this brand with that symbol. Air India uses maharaja as its logo, by this they are trying to show that we welcome guest and give them royal treatment with lot of respect and it also highlights Indian tradition. Using and popularizing trademarks generally follow this type of positioning.



### 7. Positioning by Competitors

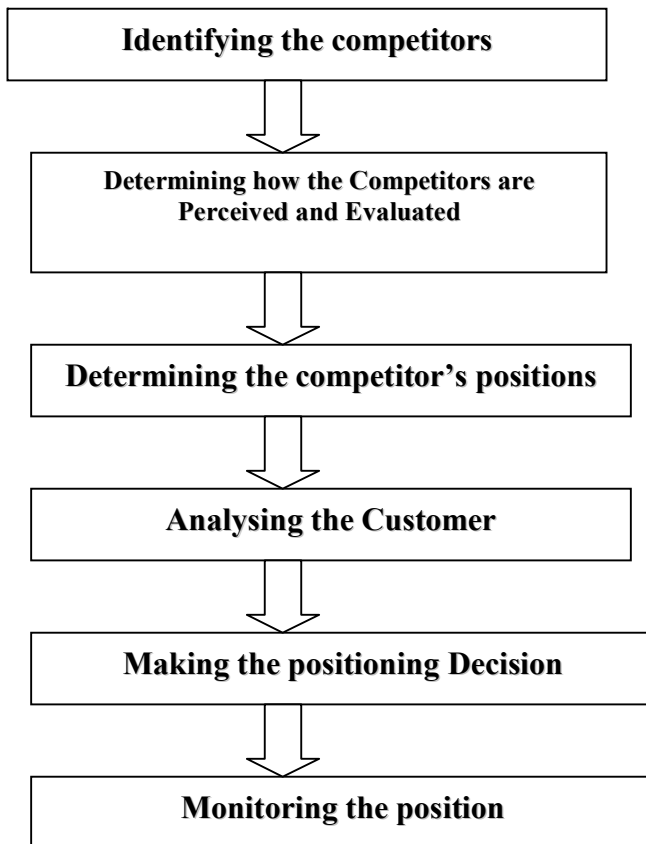
In this type of positioning strategies, an implicit or explicit frame of reference is one or more competitors. In some cases, reference competitor (s) can be the dominant aspect of the positioning strategy, the firm either uses the same of similar positioning strategies as used by the competitors or the advertiser uses a new strategy taking the competitors' strategy as the base. A good example of this would be Colgate and Pepsodent. Colgate when entered into the market focused on to family protection but when Pepsodent entered into the market with focus on 24 hour protection and basically for kids, Colgate changed its focus from family protection to kids teeth protection that is basically done because of competition. This strategy may be preferred for two simple reasons: -

- i. Competitors may have a well-crystallized image developed over a number of years. The advertiser may use that image as a bridge to help communicate another image referenced to it.
- ii. Sometimes, you know what happens, it is not important to know where you are or what your position is in the market or how good consumers think you are. It is just important that they believe that you are better or as good as a given competitor.

When we are discussing positioning with respect to a competitor it can be an excellent way to create a position with respect to product characteristics, especially price quality. But lets not forget that this cannot be done in certain cases where it is difficult to evaluate, like liquor products will often use an established competitor to help the positioning task. Positioning with respect to a competitor can be accomplished by comparative advertising i.e., advertising in which the name of competitor is explicitly named and compared on one or more product characteristics, on factual information. It makes that communication task easier.

### Procedure for Determining Positioning Strategy

In the previous topic, we have discussed different positioning strategies, then what should be our positioning strategy. All of us know that it is a complex and difficult task to identify and select a positioning strategy. Lets us discuss the steps involved in positioning strategy, there are basically six-step that are adopted



In each of the steps, marketing research techniques can be employed to get the necessary information. These steps now will be discussed:

1. Identifying the Competitors – A first step is to identify the competition. This step is not as simple as it seems to be. For example, 'Pepsi' might define its competitors as follows:

1. Other cola drinks
2. Non-diet soft drinks
3. All soft drinks
4. Non-alcoholic beverages,
5. All beverages except water

One thing, which should be clear to you, is regarding competition that is there basically two types of competitors

- Primary competitors i.e., competitors belonging to the same product class
- Secondary competitors, those belonging to other product category.

In the above example other cola drinks are primary competitors and other drinks and beverages are secondary competitors.

This can be done in number of ways the first approach can be to determine from buyers of a product, which other brands or products they consider appropriate if suppose they do not get a brand of their choice.

A buyer of 'Pepsi' cola may be asked to recall his or her last purchase of Pepsi and shelter any alternative went through his or her mind or he may asked to name the alternative cola if Pepsi was out of stock. The resulting analysed will identify the primary and secondary groups competitive product.

Another approach that can be developed is related to your associations with the products. In this a respondent may be asked to maintain a diary or to recall the use context for Pepsi. One might be with an afternoon snack. The respondent may then be asked to name all the beverages, which might be appropriate to drink with an afternoon snack. For each drink or beverage, a list of use context can be prepared. This process would continue for 20 or 30 respondents. Then another group of respondent will be asked to make a judgment on a seven point scale as to how appropriate each beverage would be for each use situations. Thus if 'Pepsi' was regarded as appropriate with snacks, it would primarily compete with other beverages used with snacks. The same approach would work with an industrial product such as computers.

Basically these two approaches suggest a conceptual basis for identifying competitors even when marketing research is not employed. A management team or a group of experts, such as retailers or buyers management team or a group of experts, such as retailers or buyers who have an understanding of customers, could employee one or both of these bases to identify competitive groupings.

2. Determining how the Competitors are Perceived and Evaluated – The second step in is related to determining the product positioning, it is basically done to see, when the competitors products are purchased by the customers. It is to see comparative view, an, appropriate set of product attributes should be chosen. The term 'attributes' includes not only product characteristics and consumer benefits but also product associations such as product use or product users. In any product category, there are usually a host of attribute possibilities. Some can be difficult to specify. For example beer has taste, smell, strength, fullness (including alcoholic content) attributes. The task is to identify the potential attributes out of a variety of attributes to remove redundancies from the test of attributes and then to select those that are most useful and relevant in identifying the product or brand images.
3. Determining the competitor's positions – our next focus should be to determine how different brands (including our own brand) are positioned with respect to the relevant attributes selected under the previous step. At this point we should be clear about what is the image that the customer has about the various product brands? You have to see how are they positioned in respect to each other? Which competitors are perceived as similar and which as different? This judgment can be made subjectively. However a research can be taken up for getting the answer of these questions. Such research is termed as multidimensional scaling because its goals it to scale objects on several dimensions or attributes. Multidimensional scaling can be based upon either attribute data or non-attribute data this topic will be covered in detail in Research Methodology Paper.
4. Analysing the Customer – now you need to analysis the customers habits and behaviour in a particular market segment. The following questions need attention while understanding the customer and the market – (i) how is

market segmented? (ii) What role does the product class play in the customers life style? What really motivates the customers? And what habits and behavior patterns are relevant?

The segmentation question is, of course, critical. There are various approaches to segmentation but out of all benefit segmentation is relevant here, which focuses upon the benefits or attributes that a segment believes to be important. In order to specify that benefit segments, it is useful to highlight the role of 'ideal object' as a tool.

Now you should understand what is an ideal object, 'An ideal object' is an object, the customer prefer over all other objects including the object, which really does not exist. It is a combination of all the customers preferred attribute level. Although, the assumption that people have similar perception may be reasonable, their preferences are nearly always different and there ideal object location will differ. One reason to locate ideal object is to identify segments of customers having similar ideal object. The attributes of ideal object then should be compared and the advertiser should improve the product by renovating the product in view of the ideal object

5. Making the positioning Decision – The above four steps provide you a useful backgrounds and are necessary to be conducted before taking any decision about positioning. The managers can carry these steps or exercises. After these four exercises, the following guidelines can be offered to reach a positioning decision: -
  - i. An economic analysis should guide the decision. This analysis depends upon two basic factors (a) the potential market size, and (b) the penetration probability unless both these factors are favourable, the success is unlikely.
  - ii. Positioning usually implies a segmentation commitment. It implies concentration only on certain segments and ignores the parts of the market. Such an approach requires commitment and discipline to the potential buyers. Yet the effect of generating distinct, meaningful positions is to focus on the target segments and not be constrained by the reaction of other segments.
  - iii. If the advertising is working, the advertiser should stick to it. He should not get tired of a positioning strategy and should not think of change in advertising used to implement it.
  - iv. Do not try to be something, you are not. It is usually fatal to decide on positioning strategy that exploits a market need or opportunity but assumes that the product is something, it is not.
  - v. In making a decision on position strategy, symbols or set of symbols must be considered. If any brand or symbol is already in use. That must be use in positioning strategy.
6. Monitoring the position – An image objective, like an advertising objective should be measurable. It is necessary to monitor the position overtime, for that you have variety of techniques that can be employed it can be on the basis of some test and interviews which will help to monitor any kind of change in the image.

Thus, the first four steps in the process provide a useful background. The fifth one only is taken to make the position decision. The final step is to evaluate and measure and follow up.

### Now let's discuss about Product positioning in Advertising

#### Product positioning in Advertising

Product positioning is a new term developed in the advertising circles during 1970s. No generally accepted definition of the term has been developed, although the concept can be described by

William J. Station in these words – "A product's position is the image that the product projects in the minds of consumers in relation to, first, other products sold by the company, and, second, to competitive product."

Thus product positioning may be referred to as the image or overall impression of the product in the minds of the consumers as compared to other brands available in the market. In other words, it is a reputation of the product, just as an individual develops a reputation for consistency, trust worthiness and so on, so too do brands, products, companies and organizations.

A brand name may have many associations some may be based on physical attributes other will reflect the fact that products are used to express life styles, social positions, and professional roles, Still others will reflect associations involving product applications, types of people who might use the product, stores that carry the product, or sales people who handle it. Basically, the advertising can be used to mould and reinforce an image and the decisions as to what kind of an image should be developed is a very crucial to many advertising campaigns. This decision means, selecting those, which are to be removed, or de-emphasized.

So we can say that 'positioning' or 'product positioning' means ranking the brands of a product in the order of the image or overall impression in the minds of consumers. When we say that Sony Music system is the best or number one among the brands available in the market, it means the position of brand Sony is at the top or it hold first position. The position must have a frame of reference for the image, the reference point usually being competition. It is important to understand that several levels of organization – the company it self its brands or its products –can be thought of as objects. An image is associated with each, and that each can be positioned with respect to competitive alternatives. Thus an attribute and a competitor must be there in positioning the product.

#### Positioning According To Ries And Trout

We have just discussed about positioning and the types of strategies that can be used in positioning. I hope now you are quite clear with the positioning aspect now let us discuss positioning by popular people in marketing, Al Ries and Jack Trout in 1972. They started their work in late 60s. Their book "Positioning the Battle for Your Mind" was published in 1980.

According to Al Ries and Jack Trout, positioning is a creative and maintaining an image for the product or brand in the mind of the target audience relative to other brands. According to

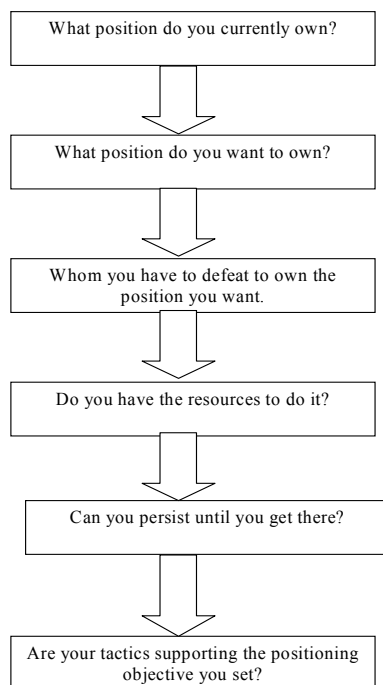
them this process should be designed in such a way that it occupies a different and valuable place in the mind of the target customers. Thus positioning is not what we do to a product but is what we do to the mind of the prospect.

You should know that positioning can be done for the products as well as for the corporate organizations as a whole. Like Modi Xerox, they have positioned themselves as the document company offering total solutions for efficiency documentation management. If we are discussing about high tech products the apt way of positioning would be on the basis of intangible attributes, rather than on performance specifications.

They have also discussed market positioning. In this case you have to first identify the opportunity, then it should be followed by Segmentation, targeting and finally by competitive strategy. When we are talking about positioning in the mind, it is basically known as rational positioning. But let's not forget that most of us (consumer) are driven by emotions. Like if we say Coffee, for instance, it is about intimacy, romance and togetherness. Titan is a gift of appreciation. Lakme and Vareli touch a streak of narcissism in a woman. One thing, which should be clear to you, is brand positioning is not just occupying a slot in the mind of the consumers. It is also about ruling the heart. Psychological positioning is thus a communication exercise that follows AIDA: Attention, Interest, Desire and Action model. Psychological positioning grows out of the market positioning.

If the marketer wants to succeed in our over competitive and over communication society a company must create a position in the prospect's mind, a position that takes into consideration not only a company's own strength and weaknesses, but those of its clients as well, that is what Ries and Trout have discussed in their concept of positioning.

Trout and Ries suggest a six-step Question Framework for Successful Positioning



Ries and Trout have distilled the essence of positioning into the following four principles:

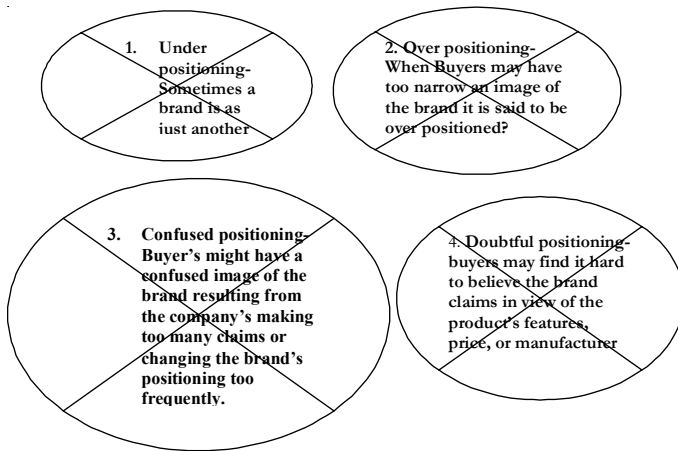
1. **A company must establish a positioning in the minds of its targeted customers.**
2. **The position should be singular, providing one simple and consistent message.**
3. **The position must set a company apart from its competitors**
4. **A company cannot be all things to all people –it must focus its efforts.**

The principles, which are discussed above, are applicable to any type of organization that competes for customers like National postal services compete with private courier companies; public and non-profit hospitals compete with each other and with private health care providers etc. for all the organizations, understanding the concept of positioning is the key to developing an effective competitive posture. I hope this is clear to you that the concept is certainly not limited to services, but its origins were in packaged goods marketing-but it offers valuable insights by forcing service managers to analyse their firm's existing offerings.

Just suppose any XYZ Soap Company says that their soap has fragrance, is antiseptic, has moisturizer will make you fair and is not expensive, you as a customer come across with such a company, then what will be your reaction. How will you position such soap in your mind, with so many other brands already there in the market? Don't you think, it is a difficult task for you to position such a company in your mind as they are trying to position themselves on to different attributes, which are mostly found in different soaps? The problem is with the company as they are trying to increase the number of claims for their brand; which will lead to risk of disbelief and a loss of clear positioning.



In General, a Company must Avoid Four Major Positioning Errors



If you are able to solve positioning problems enables the company to solve the marketing mix problem.

#### How do Companies Select their Positioning?

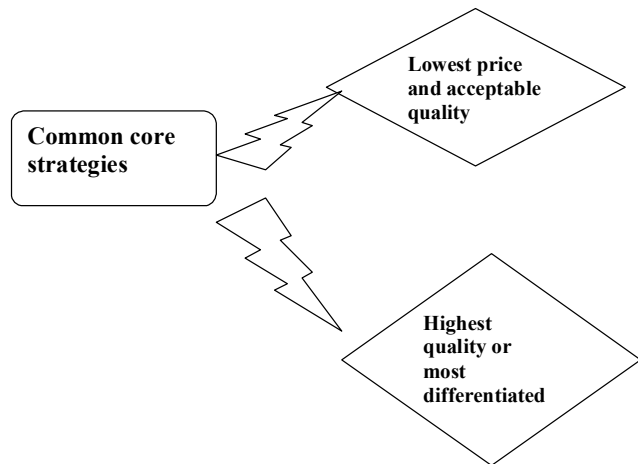
**Perceptual Mapping:** when we define Perceptual mapping we say that it is basically a technique to represent what people think about products or services, people or ideas. Technically they are all objects. It is a spatial representation of the perceptions about the brands on the parts of different individuals. If you perceive the brands to be similar then you are getting them closer in the perceptual space, and if you perceive them to be dissimilar then you are putting them apart. Joint space analysis combines perceptions about the brands and consumer preferences in a single space. In short, I can say that it represents both brands and people.

I hope you have understood that positioning is not changed every now and then, but in case if there is a market evolution then it may be necessary to change the positioning. As you know that the environment is turbulent so it changes fast and calls for frequent changes in positioning. At times a company can lose its position due to change in technology, consumer attitudes, competitive activity both in the economy and amongst creative executives. That is the reason why a company should be in touch with the market place, and reposition itself before it suffers in terms of products, image and revenue. Though sometimes positioning is based on the same product benefit service, performance or quality, the product must be changed while delivering these bundles of benefits.

Positioning itself depends upon the study of the market and competition. In this case first you segment the market and then you target it and you are also taking into consideration competitive efforts. Positioning a product to specific segments is the next logical step. Thus positioning involves sacrifice – we have to sacrifice a few segments of the market. We cannot afford to give 'all things to all people.'

When we are discussing about positioning, we have to decide as to who all are our competitors. Then there is a need to develop a core strategy that runs as a common thread through all pieces of planning. Core strategy basically tells us why customers buy

our product and how we shall compete with others. Viewed in this fashion, core strategy borders on Unique Selling Proposition (USP) devised by Ted Bates. Different segments need different core strategies. Core strategy is broader than USP because it considers both external and internal factors.



The above figure of strategies shows the most common core strategies used if we talk about mature industries, both the core strategies are in vogue, and they add to their performance. Both these positions may not be practicable but when a firm starts on one, it ends up on the other. Product quality contributes a great deal to profitability of the firm. But it's the most profitable combination we can say is the one with a premium position.

Conventionally, when marketing was discussed it was in terms of marketing mix – the four 'P's of product, price, place and promotion. Though it was quiet satisfactory, but it fails to recognize the planning and decision – making activities of marketing separately. When we are discussing about planning activity, we consider the offer, which consists of product, services, price and the way it is represented to the customer through a communication message. Most of the organization creates value through this offer.

When we are discussing about the total marketing budget it is spent on advertising, sales promotion, sales management and distribution acts basically to enhance the value created by the offer, and accordingly they delivers the same value to the customer. These are infact marketing support activities. By this they are trying to market the offer in an attractive manner to their marketing intermediaries and customer.

One things which all of you should understand, that the offer should be made appealing by the product manager where he / she should take into consideration the product opportunities, product design, product price and product positioning.

All of us know that a product has attributes and features. But these must be related to perceived benefits preferences and selection. If I say a camera the Important attributes would be day-to-day use are ease of operation, picture clarity, automatic forwarding and rewinding, and date time insert. For a moped for teenagers the important attributes are reasonable price, a

sleek style, easy start, easy pick up, fuel economy, and maintenance services.

Apart from these attributes, customers' aspirations and perceptions and the availability of competing offers present infinite alternatives of value creation. The challenge is to identify what value would appeal to the customer convincingly.

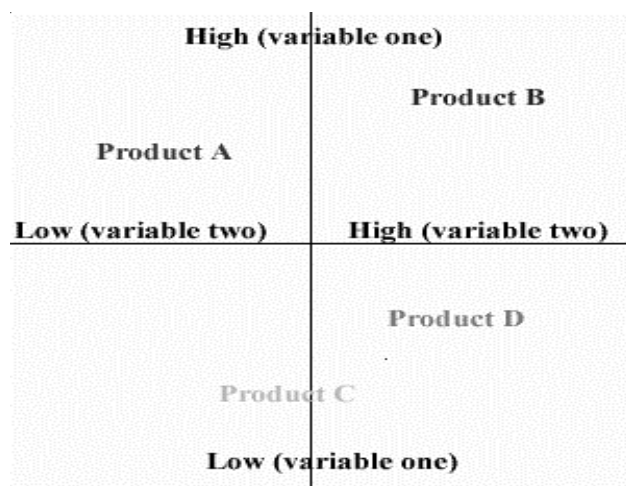
In positioning it is necessary to tune according to the target audience. I hope all of you know AmEx credit card they have positioned themselves on the basis of exclusivity as their positioning strategy for their customers. But it positions itself as a business expander that will add volumes to a retailer's business. One thing, which should be clear to you as a marketer, is related to whom you want to serve. Customer segments can be based on core competence, strategies and revenue potential. We must be fairly intimate with the behavioural dynamics of the target audience and their need pattern.

When we say pricing it is based not only upon costs but is related to the product quality, service and message. Price is used as a tool to change perceptions about the product. A premium – priced Mercedes Benz manufactured in India costs Rs. 32,00,000 and conveys a sense of superior value to the customers.

Communication helps the marketer to build up image of the product. Image build up is influenced more by the effectiveness of the communication than by the communication budget.

Now let's come to the final discussion on Products or services, which are 'mapped' together on a 'positioning map'. This allows them to be compared and contrasted in relation to each other. This is the main strength of this tool. Marketers decide upon a competitive position, which enables them to distinguish their own products from the offerings of their competition (hence the term 'positioning strategy').

Take a look at the basic positioning map template below.



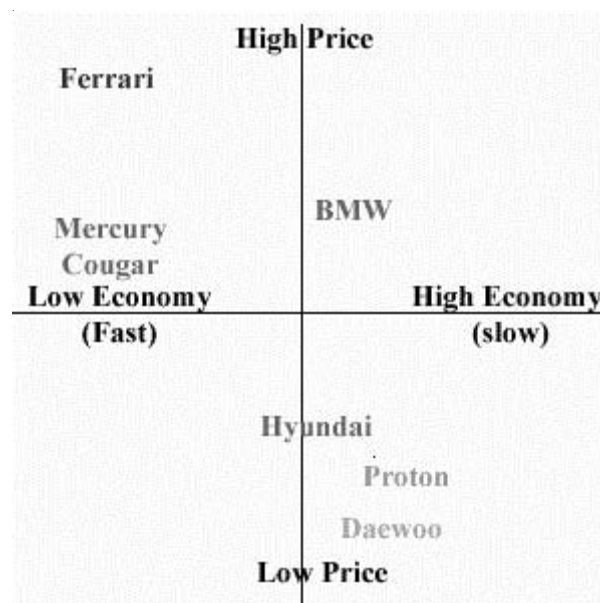
The marketer would draw out the map and decide upon a label for each axis. They could be price (variable one) and quality (variable two), or Comfort (variable one) and price (variable two). The individual products are then mapped out next to

each other. Any gaps could be regarded as possible areas for new products.

The term 'positioning' refers to the consumer's perception of a product or service in relation to its competitors. You need to ask yourself, what is the position of the product in the mind of the consumer?

Look at the example below using the auto market

Product: Ferrari, BMW, Proton, Mercury Cougar, Hyundai, and Daewoo.



Positioning Map for Cars

The seven products are plotted upon the positioning map. It can be concluded that products tend to bunch in the high price/low economy (fast) sector and also in the low price/high economy sector. There is an opportunity in the low price/low economy (fast) sector. Maybe Hyundai or Daewoo could consider introducing a low cost sport saloon. However, remember that it is all down to the perception of the individual.

Once a positioning strategy is determined, it must be communicated effectively to the audiences.

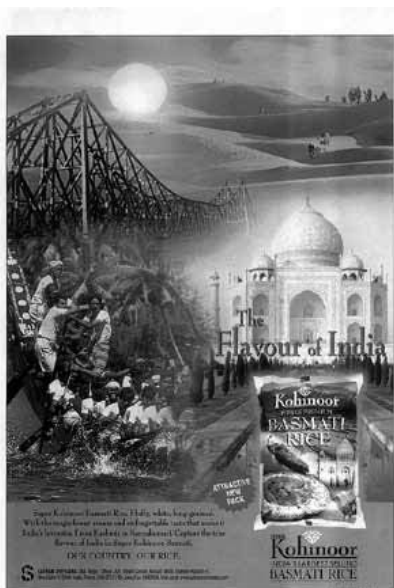
Finally Just through this Article

August 2000

Case Study : Is Search Engine Positioning Really Worthwhile? Here are some very serious questions that I've been asked about search engine positioning. How much traffic can search engine positioning generate? Is search engine optimization worth my time to pursue? Is it cost-effective? These are legitimate questions that our subscribers have asked about this popular marketing practice.

Back in 1996, I discovered how important top rankings were in the major search engines. As a business owner who admittedly started his company from his home and on a "shoe string"





First, this is supposed to be a fun, interesting assignment, which can be completed individually without the pressures of group work.

1. Select the ad that you want to use for the ad assignment. If you are using a print ad, please get a photocopy to me and retain the original ad. If you want to use a TV or Internet ad, please make sure that you have some way of showing the ad to people in the target market for that ad. I would suggest that you choose an ad, which you do not understand, one, which makes you, say, “What are they doing here? I don’t understand why they would have such as ad.” Using such an ad can increase the relevance of this assignment. However, you are free to select any ad.

5. Check the effectiveness of the ad by using informal testing methods with the target market. This would require you to use the method identified in 4 (above) and to check whether the ad was effective as far as the target market is concerned.

## Notes

[illegible]



## LESSON 39 : THE INTEGRATED CAMPAIGN

### Objective

Students by the end of this session you will be able to describe an IMC campaign and explain why it is more complex than traditional advertising. The structure of an IMC campaign plan and then explain its purpose of evaluating a campaign.



In this lesson we will explore how all the activities we have covered in previous lessons research, strategy and planning, media planning, message design, and the management of other marketing communication tools such as marketing public relations and sales promotion-are managed as part of a campaign. First, however, let's investigate how BellSouth used integrated marketing communication (IMC) to reposition its Yellow Pages directory and how IMC affects campaign planning.

### Designing Woman Designs Retreat

Actress Dixie Carter, Star of the popular TV series Designing Women, is one strong-willed Southern woman. But would she be effective as a spokesperson for BellSouth's Yellow pages?

That was the issue the Atlanta-based WestWayne agency tested as it developed a new positioning campaign for Bell-South's directory.

The mega mergers and deregulation in the telecommunication industry have had a huge impact on local phone companies and their directory business. The number of "Yellow Pages" proliferated, causing consumer confusion and heightened competition with other directories.

Telecommunications provider BellSouth, which services central and eastern Southern states, wanted its Yellow Pages directory to

stand out from the pack. It undertook a complete review of brand equity and brand awareness in the mid-1990s as a basis for developing competitive advantages over other competing directories. The review showed that the BellSouth needed to implement a new branding strategy to overcome consumer confusion and build credibility. At the same time, the company decided to discontinue operating under the South Bell and South Central Bell names and adopt the single name, Bell South.

### Think About It

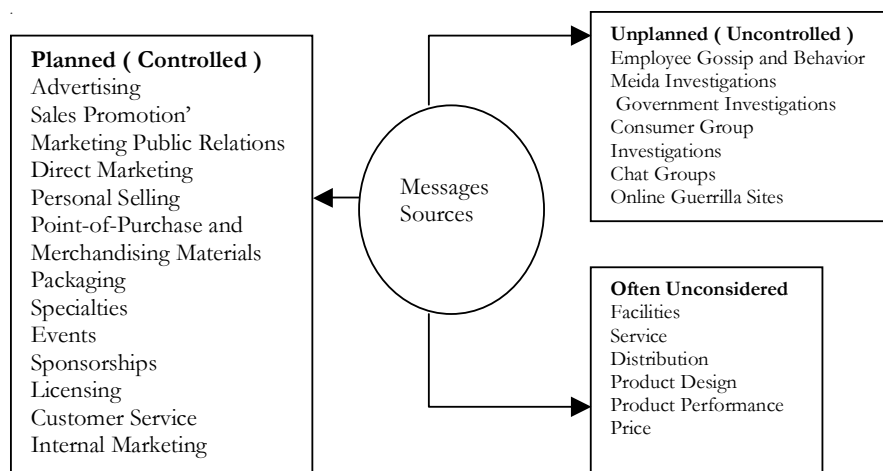
1. What marketing and advertising problems does BellSouth face?
2. If you were working for BellSouth or WestWayne, what kind of research would you recommend for this campaign and how would you use it?

### Now Lets Focus on Total Communication: IMC

Integrated marketing communication (IMC) is the practice of unifying all marketing communication tools and corporate and brand messages to communicate in a consistent way to and with stakeholder audiences (that is, those who have a stake or interest in the corporation). An IMC campaign plan is even more complex than a traditional advertising plan because it considers more message sources, more communication tools, and more audiences.

IMC programs are designed to coordinate all the various communication messages and sources. As Figure Sources of Messages shows, we can group these messages as planned (or controlled) messages by the company and unplanned (or uncontrolled) messages. In addition, unconsidered messages-those delivered by other aspects of the marketing mix (price, product, and distribution) and other contact points (such as the appearance of the parking lot outside the store communicate important information to stakeholders, that can negate the advertising.

### Sources of Messages



## The Tools of IMC

The tools used in an IMC campaign include traditional marketing communication tools, such as advertising and sales promotion. However, the IMC approach recognizes that other areas of the marketing mix communicate. The price of the product signals a level of quality. The cleanliness of the store and helpfulness of the customer service department send powerful messages. The product's reliability also communicates.

These other messages may be as important as, if not more than, traditional marketing communications. IMC planners should consider all message sources and marketing communications that reach stakeholder audiences. Planning and managing these elements so they work together helps to build a consistent brand or company image.

## Stakeholder Audiences

In addition to managing the total communication program, IMC campaigns also address a wide variety of stakeholders, all of whom have a different stake or interest in a company and its brand messages. Table Types of Stakeholder Audiences lists different stakeholder audiences. Furthermore, stakeholders such as employees, investors, and suppliers come in contact with the company and its brands in more ways than through traditional marketing communication and advertising media. Why is IMC concerned with all these audiences? The support (or lack of it) that each stakeholder group gives to the company can affect that company's brands positively or negatively.

Maintaining consistent communications from all message sources to all stakeholders is particularly difficult. It works only if a company or brand has a focused business philosophy or mission, clearly understood core values and a strong corporate culture.

What makes stakeholder analysis and management difficult is the overlap among stakeholder groups that invariably occurs. An employee may be a customer and an investor, may serve on the local city council, and may belong to an interest group whose concerns intersect with those of the company. The human resources department may be threatening layoffs claiming that times are tight, whereas the financial report may be touting the financial health of the business or employees may learn that the business is planning to relocate, even though the company's press releases deny such plans.

Even though different areas of the company may be sending messages, the person on the receiving end is an individual who has to make sense of all the messages, impressions, and experiences. As IMC experts Don Schultz, Staley Tannenbaum, and Robert Lauterborn explain, IMC realigns marketing communication "to look at it the way the consumer sees it-as a flow of information from indistinguishable sources". If the messages don't reflect some central core values and deliver a consistent image, they may conflict and create confusion.

## Types of Stakeholder Audiences

Corporate Level	Marketing level	Marketing Communication level
Employees Investors Financial community (analysts, brokers, and the financial press) Government regulators	Consumers, customers, and target markets Retailers Distributors Competition Suppliers and vendors	Consumers, customers, and target audiences Trade audiences Local community Media (general, special interest, trade) Interest and activist groups General public

## Coordination

Coordinating all these messages is an organizational problem best solved through cross-functional management, which means using teams of people who are from different parts of the company, outside agencies, or both. These teams manage the planning process and monitor the way the plan is implemented.

Cross-functional management may even mean getting different agencies together who are producing the marketing communication. In our lesson of International Advertising, we described the moment when Fallon's creative director Bill Westbrook and Y & R's creative director Ted Bell met to devise a theme for the new United Airlines campaign, the one-word slogan "Rising." For United, the ability to get its new domestic and international agencies on the same page was critical to its 2-year plan to turn around the airline's image with consumers.

But developing a consistent advertising theme was not enough. To make the campaign integrated, United had to integrate the management of its business operations first. United's employees and managers had to commit to the turn-around plan and communicate with each other. "It was a major culture change," says one former United executive. "In the past in-flight people did what they had to do. The marketing department did what it had to top. The top managers may have talked to each other, but the people who really were doing the work, day in, day out, never did. Let's consider now what we mean by a campaign.

## The Structure of A Campaign Plan

A campaign, whether advertising or IMC, is a complex set of interlocking, coordinated activities. A campaign results from a comprehensive plan for a series of different but related marketing communication efforts that appear in different media and marketing communication areas across a specified Time period. The campaign is designed strategically to meet a set of objectives and to solve some critical problem. It is a short-term plan that usually runs for a year or less.

Many advertisements are single-shot ads. In other words, they are freestanding ads unrelated to ads that preceded or followed them. Companies that create one ad at a time and constantly change the core message are not involved in a campaign process.

However, a great deal of national advertising is developed as part of a campaign with an umbrella theme that extends across time, different stakeholder audiences, and different advertising

vehicles or marketing communication opportunities. A campaign may focus on one specific product attribute or one audience, or it may cover a variety of attributes and reach all the audiences. For example, the BellSouth Yellow Pages campaign has as an umbrella theme “Start with the one you know.”

To bring the idea of a dependable old friend to life, the West Wayne agency enlisted actress Dixie Carter from the Designing Women television series. As the BellSouth campaign unfolds, she is shown using the Yellow Pages to find all the contractors and materials she needs for a remodeling project—the perfect project to highlight the usefulness of the Yellow Pages.

A campaign plan summarizes the marketplace situation, the underlying campaign strategy, the main creative strategies and tactics, media, and the other marketing communication areas of sales promotion, direct marketing, and public relations. It concludes with a plan for the evaluation of the effort's effectiveness. Table The IMC Campaign Outline summarizes an IMC campaign. We examine each part of the IMC campaign in this section.

### The IMC Campaign Outline

I. Situation analysis	III. Campaign strategy
. Product and company research	. Objectives
. Consumer and stakeholder research	. Targeting
. Market analysis	. Positioning
. Competitive situation	. Scheduling strategy
. Industry analysis	IV. Communication strategy
. Marketplace analysis	. Message development research
II. SWOT analysis	. The creative theme
. Internal factors: strengths and weaknesses	. Creative tactics and executions
. External factors: opportunities and threats	V. Media plan
. Problem identification	VI. Other marketing communication activities
	VII. The appropriation and budget

#### Situation Analysis

The first section of most campaign plans is a situation analysis that summarizes all the relevant information available about the product, the company, the competitive environment, the industry, and the consumers. Sometimes called a business review, this information is obtained using primary and secondary research techniques. The most important activity is analyzing the information, or making sense of what has been found. The six most important research areas—product and company research, consumer and stakeholder research, market analysis, competitive analysis, industry analysis, and marketplace analysis—are discussed in the “realistic guidelines” that follow.

#### Realistic Guidelines

##### Conducting Research For A Situation Analysis

These suggestions should help you conduct a situation analysis, the foundation of the IMC campaign.

- Conduct product and company research. Conduct research that reviews a product in terms of its uses, packaging, quality, price, unit of sale, brand image, distinctive features, distribution, positioning, and product life cycle, as well as the

company behind the product and its corporate reputation and image, resources, philosophies, mission, and culture.

- Conduct consumer and stakeholder research. Determine through research, which key stakeholder groups the campaign must communicate with. How do they rank in importance? The consumer stakeholder should be described demographically and psychographically to answer questions—such as who buys the product? When do they buy it? How often do they buy? How do they use the product? What are their attitudes and perceptions about the product? What is their buying behavior?

Most campaign themes develop directly from some key consumer insight.

- Analyze the market. Find the best markets for the product by determining who and where the best prospects are with respect to demographic characteristics, geographic location, sociopsychological groupings (lifestyles, interests, attitudes), and degree of product usage (heavy, light, nonuser, switcher, loyal user). An analysis should also assess the market's accessibility. In the case of a direct-action advertising campaign, for instance, the availability of an extensive and accurate database is critical if messages are going to reach the target market.
- Analyze the competitive situation. Track the activities of competitors (direct and indirect). Look at their market share, product features, new products, positioning and targeting strategies, current and past advertising strategies, media expenditures, and advertising schedules. Find out what competitive advantages you have and what advantages your competitors have. What are the distinctive features of this product and competitors' products and how important are these features to consumers? The aim of the analysis is to identify a competitive advantage of your product that is important to consumers.
- Analyze the industry. What's the shape of the industry? Is the industry growing or is it stagnating? Telecommunications, for instance, is a big business that continues to grow. Total revenue for the industry, as estimated by the Yellow Pages Publishers Association, exceeds \$11 billion and has been growing at 2.5 percent to 3.5 percent per year.
- Analyze the marketplace. What changes in the marketplace might positively or negatively affect your campaign? In the case of BellSouth deregulation of the telecommunications industry helped create competition in the Yellow Pages industry, not only from the major telecom companies and independent publishers, but also from other media and directory Web sites. And once the local telephone exchange and long-distance rulings are resolved, AT&T, MCI/World Colgate, and Sprint are also likely to publish competing directories.

I hope all of you are quite well versed with SWOT but still let's look at it from advertising point of view.

#### SWOT Analysis

The concluding section of a situation analysis evaluates the significance of the research. Some plans include a section called

“Problems and Opportunities”; others call it a SWOT analysis, meaning the strengths, weaknesses, opportunities, and threats the company or brand faces. During the situation analysis, planners compile all the information they can about the brand and its competitive situation, marketplace factors such as the health of the category, and the behavior of consumers toward this brand. Some planners recast this information in terms of internal factors (strengths and weaknesses) and external factors (opportunities and threats).

Once the information is gathered and sorted into SWOT categories, the analysis begins. In this stage you are trying to make sense of all the information you have gathered and identify key areas on which you will build your campaign strategy.

#### Problem Identification

From the SWOT analysis, you should be able to focus on a set of serious communication problems that this campaign must address. The BellSouth campaign was designed to introduce a new brand name for the BellSouth Yellow Pages and communicate the new brand positioning strategy.

These problems differ from year to year and situation to situation. For example, in one year’s marketing plan, a brand may be launching a line extension, which means the advertising will address the problem of launching a new product under a familiar brand name. The next year, the marketing plan may focus on increasing distribution, so the advertising will probably address opening up new territories where the brand is unknown.

Each type of problem calls for a different advertising and marketing communication strategy. Different audiences are reached with different messages, different marketing communication tools may be used; and different communication objectives are set.

An example of problem analysis is the campaign that launched Rogaine. Previously a prescription product, Rogaine had to be redesigned by the Pharmacia & Upjohn company for over-the-counter sales. Because government regulations had originally protected Rogaine as a prescription product, the new opportunity also created a more intense competitive situation as the company’s market exclusivity vanished.

#### Campaign Strategy

After the situation analysis and the SWOT analysis, most advertising campaign plans focus on the key strategic decisions that will guide the campaign. The strategy section of a campaign plan identifies the objectives that will solve the key problems identified at the end of the SWOT analysis. It will also specify the target stakeholder audiences and how the strategy will handle competitive advantage and the product’s position. Other strategic decisions revolve around the scheduling and timing of the different phases of the campaign activities.

These fundamental decisions were discussed earlier I hope you remember those. They are relevant for all areas of marketing communication planning, from the creative plan to the media, sales promotion, and public relations plans.

#### Objectives

Objectives are used to guide the development of the campaign’s strategy by stating its goal. Because objectives provide the goal, they can then be used at the end of the process to measure the campaign’s results. These objectives are established based on an understanding of the hierarchy of effects and the various ways advertising can affect its audience.

In the case of BellSouth, the new Yellow Pages campaign had four objectives:

- To introduce the new brand name, the BellSouth Yellow Pages, and achieve at least a 50 percent unaided brand awareness and 80 percent aided brand awareness in the first year
- To communicate the new brand positioning effectively and exceed the Communicus, Inc. research company’s unaided advertising recall norm of 14
- To improve consumer usage share above 85 percent.
- To meet or exceed a revenue increase goal of 2.6 percent

#### Targeting

In the process of analyzing consumer behavior and possible markets, potential target markets are pinpointed and segmented into groups identified by certain demographic or psychographics characteristics, such as environmentalists, bike riders, or mall teens. In other words, within those markets, certain groups of people are more likely than others to be targeted for advertising and other marketing communication messages.

These target audiences (that is, groups of people to whom a marketing communication message is directed) shift with each campaign, its situation, key problems, and objectives. For example, if you are launching a line extension, you will probably target content users of the brand. However, if you are opening up new testator there aren’t Content users, so you will have to target competitors’ users. For both audiences, however, the objective may remain the same, which is to convince the target audiences to try a new product.

In the BellSouth case, because of the ubiquity of Yellow Pages directories, previous consumer target audience research had determined that the audience was very broad: adults 25 to 54 years of age, with a 60 percent skew toward women. But BellSouth and WestWayne wanted more information and conducted an exhaustive quantitative segmentation study to provide a more definitive target audience.

The study identified six different audience segments based on their psychographics, rather than the typical demographics. Three of the segments, contently accounting for 51 percent of all Yellow Pages usage, were determined to have the greatest potential to increase usage share. These segments were labeled “Enthusiastic Brand Shoppers,” “Product Value Shoppers,” and “New Attitude Shoppers.” Understanding these profiles made it possible to better target the advertising messages and the media plans.

#### Positioning

Although objectives and targeting differ from campaign to campaign, the product’s positioning (at least for existing products) generally remains the same. However, it does have to



be accounted for in the strategy. In other words, identify the product's position and then analyze that position in terms of this campaign's strategy: the key problem, objectives, and targeting decisions.

Does the position mean the same thing to familiar brand users considering a new line extension? What would it mean to entirely new users in a new market territory who are unfamiliar with the brand? They may not respond to the position in the same way, which means that the way the position is presented in the message strategy may need to be adjusted to the target audience's needs, interests, and level of knowledge.

In the BellSouth campaign, two companies—South Bell and South Central Bell—were being brought together. The campaign was designed to communicate the new brand positioning for the new company's Yellow Pages as “the most proven and dependable source of local buying information” in the South.

#### Just go through this The Inside Story

##### A Woman's Take on Healthtex Caryn Wiley Wiley & Associates

Men and women are different. Wiley & Associates, an agency of almost all women, understands and leverages this difference when creating advertising campaigns for its clients.

“Using our unique communication styles (like being able to talk to three people as we listen to four more) and our natural ability to emotionally connect quickly (like empathizing with the evening news), we work to create one perfect moment between the brands we represent and their consumer. Enter Healthtex. The North Carolina children's playwear division of VF Corporation (which also owns Lee, Wrangler, and Vanity Fair) invited us to pitch our ideas in their agency review process. John Martin, their VP of Marketing, was intrigued to see how the women's perspective would play out strategically.

The situation was challenging. Healthtex was doing everything right. The clothing was well made, durable, colorful, and cute. The prices represented an excellent value. Their previous ad campaign was award winning. Now, after a two-year hiatus from advertising, brand awareness was eroding.

When Bridget Seller, our Director of Account Services, began looking at the category, she found there was little-to-no brand differentiation. The advertising concepts were fashion-driven, featuring cute kids in cute clothes. This market analysis revealed an opportunity for a brand that could provide the consumer with a unique, meaningful benefit and relevant reason for buying. We had to find the Healthtex point of difference, appeal to moms emotionally, and give them a reason to purchase beyond the cute factor.

Our Director of Account Planning, Corine Krogman, talked and talked and talked to moms. She began to discover a philosophical difference between the Healthtex mom and moms purchasing competing brands: Healthtex moms believe that play is significant in child development. These moms, then, actively encourage their children to explore the environment and get down and dirty.

Our senior creative team, Julie Katakura and Denise Miller, used these research findings to create a deceptively simple campaign

called “Utter Lessons,” featuring the tag line “Healthtex.

Playclothes for Life's Little Lesson.1M” With headlines such as “Rain is Wet,” “Toes Wiggle,” and “Bubbles Float,” the creative concept conveyed the child-rearing philosophy to which our Healthtex moms subscribed. It also connected with women emotionally and positioned Healthtex as a partner and authority on child development.

The visuals are sweet, elevating childhood and reminding mothers how wonderful learning can be. The copy speaks at times more technically about different developmental stages to explain certain clothing features like pockets- and reinforced knees.

The president of Healthtex, Gary Simmons, embraced our campaign strategy. It supported the company's heritage and core values, and spoke to their loyal customers. The theme of play being important to a child's development has since been incorporated into the

company's marketing communications, corporate philosophy, and product development. “

Caryn Wiley started Wiley & Associates in 1985. The agency is dedicated to bringing the women's perspective to advertising.

#### Scheduling

Timing and scheduling are an important part of the media plan and are also tied into the overall campaign strategy. Many campaigns have phases, such as the launch, the continuing campaign, and the close. In some cases, particularly with campaigns that continue for a number of years, such as the classic “Milk Mustache” campaign, the campaign may be launched with one strategy that evolves into another strategy as the campaign matures.

In the case of the BellSouth directory campaign, the creative idea was to design it as a serial, similar to a soap opera, with some 11 commercials or episodes following Dixie Carter's efforts at renovating her river retreat. As the story unfolds, she demonstrates the value of the BellSouth Yellow Pages to help her find the contractors and materials she needs.

TUCKER WAYNE / LUCKIE & COMPANY	
BellSouth Advertising & Publishing Dixie Campaign As produced	:60 TV R8/jr "Dixie Serial Introduction"
<b>Video</b> Zoom up over liver and hill to house with Dixie in foreground. - Close up of Dixie walking with book. House in background. Aerial view of house. Dixie coming up stairs. Dixie opens up curtains. Dixie looks out window at river. Dixie walking by camera. Dixie intimate with dog. Dixie walking with river in the background. Dixie in front of window, raising arms. Long shot of Dixie looking at book. Dixie sitting on stairs, holds up book. Close up of Yellow Pages book. Pan down from Dixie's face to her hands going through the Yellow Pages. Close up of Dixie circling heading and ads. Close up of Dixie. Close up of more ads. Close up of Dixie. Dixie in kitchen, opens cabinet door. Door comes loose. Dixie walks around car, making phone call. Pullback from Dixie. <b>Super:</b> To be continued. Book shot-Southern Bell version. South Central Bell version. <b>Super:</b> Start with the one you know. Olympic super.	<b>Audio</b> Dixie: Let's consider this chapter one. Hi. I'm Dixie Carter and this little house I just bought is my idea of a "fixer-upper." I'm designing my own private "river retreat" here on the banks of the Tennessee river near where I grew up. It's going to be my little hideaway, . . . and I'd like to invite you into the process of renovation. I want you to see what one strong-willed woman can do with the aid of one simple book. I've brought along an '01 dependable friend to help. The BellSouth Yellow Pages. I can't do much of anything without it. And just look at all of the stuff I'm going to need! (Reads off "List of Needs") (Premonitions of various pages). First a contractor, then an electrician. Roofers.. Plumbers. Even backhoes? This will be more work than making g TV series! Well, wish I had more time to chat, but I've got a lot to get done this week. I'll catch up with you once I find the right contractor.  Dixie VO: Yes, hello, I saw your ad in the BellSouth Yellow Pages. I'm looking for a first-rate contractor...

Lets see what is there in Communication Strategy

A campaign is a complex communication program that is tightly interwoven with all of an organization's marketing efforts. This total communication program reaches all stakeholders, all audiences, and all publics with the same promotional theme message variations related to that theme speak to the interests of the different audiences. In other words, even though a campaign may be directed at a consumer audience, there may be subsections of the campaign plan that focus on the sales force, dealers, or retailers.

The creative strategy-and the choice of what type of message strategy to use for the various stakeholder audiences-flows from an understanding of the key communication problems and the objectives. It outlines the impressions the campaign intends to convey to the target audience

#### Message Development Research

As ideas for the creative strategy begin to come together, copy testing is used to evaluate the potential of various message approaches. For the BellSouth Yellow Pages campaign, 21 different campaign concepts were presented to the client. Of those, 8 were selected for qualitative testing in 7 key markets, across the various target segments, including ethnic markets. Only the "Dixie Carter" concept-the only one using a celebrity-performed well above all others in terms of intrusiveness, believability, and communication of the strategy. Dixie Carter played a strong-willed owner of an interior design firm in the Designing Women television program, a personality that carried over to this campaign.

The campaign was then copy tested by Diagnostic Research, Inc. (DRI), using three rough TV executions to evaluate the series of "episodes"; that is, the ads are presented in a serial format as Dixie Carter deals with the problems involved in renovating a retreat on the Tennessee River. The campaign achieved the highest copy-testing scores ever for the BellSouth corporation. In fact, they were among the five highest scores ever tested by DRI, -at 300 percent above norms for recall and message communication. They also beat norms for likeability, believability, spokesperson suitability, and usage motivation.

#### Creative Theme

A campaign is a series of ads built around one central theme, or Big Idea, that anchors it. This creative concept is tested and retested through the message development research and copy testing after executions have been created based on it. The creative plan in a campaign includes this creative concept and variations, also known as executions, for different media, situations, stakeholder audiences, and times of the year. The various ads are designed to speak to different stakeholder or target audience interests or address different copy points.

The campaign theme, then, must be a strong concept that can hold all these diverse efforts together. When Pepsi created the classic "Pepsi Generation" theme, it created a new position and an entirely new type of lifestyle advertising for the brand. That time continues to be expressed in subsequent campaigns even though the specific campaigns change.

A strong- umbrella theme holds the various ads together and creates the synergy that comes from using different messages for different audiences in different media that are still linked to some central image or position. Synergy is important because it intensifies the impact, but that impact is created by repetition. For a message to be repeated, it has to be interesting. Maintaining interest is the reason variation is built into a campaign. The BellSouth Yellow Pages campaign was considered wildly successful because of the creative concept's impact.

What made the campaign interesting, however, is the serializa-tion of the story, which continued as Dixie completed her house renovation with the help of the Yellow Pages. Over a 2-year period, from its beginning in 1996, BellSouth ran 10 different television commercials.

Continuity devices, such as the Jolly Green Giant, the Pillsbury Doughboy, and the Dixie Carter character in the BellSouth commercials, are often used in campaign planning to create the link from ad to ad. Slogans such as "Your True Voice" (AT&T) are another important type of continuity device. A good slogan generates its own excitement, but, more importantly, it is highly memorable and can be used in a variety of different situations.

We mentioned the link from ad to ad in the discussion of continuity devices. A practice called image transfer, which means that a presentation in one medium (such as radio) stimulates the listener to think about the presentation in another medium (such as television), is another concern of campaign planners. When image transfer works successfully, a cheaper medium (radio, outdoor) can be used to remind people of a message delivered in a more expensive way, and the links between the tw6 help to create a more powerful synergy.

BeliSouth Advertising & Publishing "Kitchens/Outside Atlanta/ Internet Address" As Produced BSYPT.,6193	:30 tv RB/TGA/AMK  Page 1 of 2
<b>Video</b> Super: Dixie and Dad relish "Kitchen." Dixie talking to camera with her Dad over shoulder, smiling. Dad tasting soup on the stove. Sniffs and smiles.-Brings ladle to Dixie to try. Finger scans BSYP pages ECU. Cut to Dixie and Dad. See 10-year-old Dixie watching Dad use 1948 BSYP sepia. Rotary phone. We see his face beaming, CU. She produces cake at a table, lights dim, all workers and contractors appear for small, spontaneous "surprise party." We pull back and out through rear deck window (contractor lighting candles as singing starts.) And see everyone in" dining room" clapping for him. It is dusk, sun rich reflections in glass Pull out front house Super: Next, "decking." CU to book. Logo & Super: Bellsouth@ Yellow Pages. Start with the one you know. TM Super: bapco.bellsouth.com.	<b>Audio</b> Dixie: The kitchen looks a lot better now that the BeliSouth® Yellow Pages helped make such quick work of it. Dad: Try this precious. Dixie: Isn't he a darlin'? You can find anything you need in this book, from soup to nuts. I learned from the best. Grew up watching Daddy use the same book I use today. _ And look what I found in there for your birthday! Dad: Darlin', aren't we missing a few candles? Dixie: Dadey, Shush!! Dixie VO: (Whispering so as not to interrupt) Yes, I saw your ad in the BeliSouth Yellow Pages.

### Creative Tactics and Executions

The creative work on a campaign can be divided into two steps.

The **first is determining** the creative strategy (what the message says).

The **second is determining** the tactics (how the message will be executed).

The means for carrying out the creative strategy are outlined in the creative tactics. For Kraft salad dressing, for example, the tactics might include the sponsorship of two Kraft Music Hall television specials, including 12 separate spots with voice-overs by long-time announcer Ed Herlihey. Each ad would emphasize new recipes tied in some way to the programs; wing the product as an important ingredient and simultaneously continuing to emphasize the tradition of Kraft Salad Dressing and Its product quality.

<b>Bellsouth Advertising &amp; Publishing</b> <b>BVPR-8286 "Vacation" /Rea/Talking Ads</b> <b>As produced : 60 Radio</b>	
Music:	Dixie theme Seagulls, water, ocean
SFX:	Dixie Carter here on vacation with my husband, Hal Holbrook. We just <i>love</i> the beach!
Dixie:	Hal's out parasailing, so I get to spend some time with my favorite book, The Rea/Yellow Pages@ from BeliSouth.
SFX:	I'm going on a little shopping spree from the comfort of my chaise lounge!
RTA:	I brought along my cellular phone so I can hear Rea/Talking Ads.
Dixie:	Do you know what those are? They let you hear an up-to-date message from businesses 24 hours a day, 7 days a week. Key facts about what you want to buy, without talking to a salesperson. You find them inside an <i>advertiser's ad</i> in The Real
SFX:	Yellow Pages! Listen!
Dixie:	Dialing touch-tone phone sounds.
ATA:	We have one-piece swimsuits and bikinis from well-known designers like...
Anncr:	<i>Real Talking Ads</i> are the smartest way to shop.
	Now when Hal comes back, he thinks I'm going up on the <i>parasail</i> .
	Touch-tone phone dialing.
	But I've got a <i>different</i> kind of sale in mind...
	... this weekend at Lafayette Designs, all sapphires and diamonds, 300f00FF!
	<i>Real Talking Ads</i> in The Real Yellow Pages. . . from BeliSouth.
	Is there anything that book can't do?

Having a great idea is important, but producing it can either make or break it. Many advertisers expect to see that both strategies and executions are pretested-to predict their effectiveness and eliminate approaches that don't work. Advertising pretesting helps avoid costly mistakes, predicts the relative strength of alternative approaches, and generally improves the advertising's efficiency.

### Media Plan

The media plan and the creative plan are equally important and are developed simultaneously. The overall appropriation, or available money for the campaign, determines the media plan. Initial decisions about which media to use usually reflect the availability of a budget big enough to use television, which is the most costly of all media.

The media mix is created by selecting the best combination of media vehicles, nontraditional media, and marketing communication tools to reach the targeted stakeholder audiences. If a product has an awareness problem, widespread mass media will probably be used to increase the general level of awareness. If the problem is one of trial, sales promotion may be the most important tool. However, if the product only appeals to a small target, such as martial arts clothes for aikido devotees, direct mail (assuming, of course, that you can find a list or build one) and the Internet may be more effective ways to reach that target. In fact, although there may be a lead tool, such as advertising, often a mix of supporting media is used to reach different stakeholder groups.

Media planners allocate media dollars to accomplish reach and frequency objectives. In a high-reach campaign, money is spent to get the message to as many people as possible. In a high-frequency campaign, the money is spent on fewer media reaching fewer people, but repetition of the message is increased.

The media plan section in a campaign plan includes media objectives (reach and frequency), media strategies (targeting, continuity, timing), media selection (the specific vehicles), geographic strategies, schedules, and the media budget. Usually a pie chart is used to show how the budget is allocated to the various media activities. A flow chart depicts the timing strategies and scheduling. A spreadsheet identifies the key expenditures and their budget figure total.

In the BellSouth Yellow Pages campaign the media selection had to consider three segmentation groups: “Enthusiastic Brand Shoppers,” “Product Value Shoppers,” and “New Attitude Shoppers.” These consumer groups use different media and vary in their use of certain media. The strategy was to buy specific TV programming and day parts, radio formats, lifestyle magazines, and daily newspapers that appeal to the segments rather than to demographic targets.

As a result, the WestWayne agency media planners made major shifts from the previous TV depart mix by reducing prime-time buys, which represented most of the buys in previous schedules, and significantly increasing selected early morning, daytime, and news programming. Radio departures were balanced between morning and evening drive time and weekends. Sunday newspaper editions were added.

The total media budget was \$12 million for the region. However, competitive spending varies greatly by market, depending on the 10 to 12 different competing publishers in the various markets. Typically, the BellSouth share of voice ranges from 40 to 50 percent in its markets.

#### Other Marketing Communication Activities

In most cases, advertising campaigns are supported by other forms of marketing communication, such as sales promotion and public relations. In IMC programs, advertising is just one of many tools that work together to deliver a comprehensive package of communication messages.

The decision about which tools to use is based on an analysis of the strengths and weaknesses of the various marketing communication tools. The tools are then matched to the

problem identified in the situation analysis. In other words, which area can best reach a mass audience (advertising), involves an audience (events), or build credibility and believability (public relations)? This is a process called zero-based planning and “realistic information # 2” explains how to do it. Subsections of the plan are devoted to these other important marketing communication areas.

### Realistic Information # 2

#### Zero-based Planning

1. Determine the key communication problem to be solved.
2. Identify the strengths and weaknesses of the marketing communication tools.
3. Match the problem to be solved to the tool with the most strength in that area.
4. Identify the supporting marketing communication areas and tool.

Adapted from Tom Duncan and Sandra Moriarty, *Driving-Brand Value* (New York: McGraw Hill, 1997), p. 155.

For example, in the BellSouth Yellow Pages campaign, the central celebrity figure, Dixie Carter, was integrated into all broadcast, print, cable, sales promotion, publicity, coop advertising, the Web site, and even into the product itself. In addition to the Dixie Carter television campaign, the Dixie character has also been integrated into several sub campaigns:

- A business-to-business sales support campaign targeted business owners and “managers during BellSouth Yellow Pages advertising sales periods (known as “sales canvassing”).
- Competitive sales compiling targeted business owners and managers during competitors’ sales canvassing periods.
- A campaign to introduce a new interactive Web site, The Real Yellow Pages Online from BellSouth, used direct mail and newspaper ads in the technology section of Claims.
- Donut television commercials were developed for cooperative advertising use by local advertisers in the various markets. (A donut is a format that allows a local advertiser to drop in local information such as store name and location.)
- A competitive field marketing managers’ advertising kit was developed to help BellSouth Yellow Pages sales representatives combat their competition at the local level and included proofs for newspaper ads that could be placed anywhere in a newspaper or other document.

For the May tag “Dual Cool” Refrigerator campaign, it was imperative to use an IMC program. The reason is that consumers typically gather product information before purchasing a major appliance. For that reason, a consumer brochure explaining the superior food preservation feature was important for consumers to take home and read. Public relations was critical in establishing and legitimizing the “Dual Cool” point of difference. Publicity, in particular, explained this point in stories that ran in newspapers and magazines.

Additionally, the retail floor is a key selling arena for appliances. Cementing May tag as the brand of choice on the sales floor is



very important because that is when the final purchase decision is made. As a result, May tag's agency created point-of-sale materials to deliver the superior food preservation message as consumers were inspecting the various brands and models.

Finally, May tag created a trade communication program for sales reps calling on retailers. The objective was to get more stores to carry the May tag refrigerator, but the means to that end involved promoting the advertising and other marketing communication. Retailers are more willing to provide space for products that they know are being promoted widely.

#### The Appropriation and Budget

The amount of money available from the client, or advertiser, governs all strategic decisions. Some sense of the amount of money that has been appropriated for the campaign is used at the beginning of the planning to determine the general scope and scale of the campaign effort. Then, after the plan has been developed, a budget is developed that costs out the various recommendations. If this budget is much higher than the appropriation, either cost have to be shaved or the appropriation has to increase.

The budget size for advertising and marketing communication programs has a tremendous range. If you are working on a campaign for a major marketer, you may have plenty of money for the most expensive form of television advertising. The United "Rising" campaign highlighted in chapter 5, for example, was estimated at \$100 million. Smaller companies such as Columbia Bank (see chapter 8) can successfully run local campaigns buying local media on a \$250,000 budget. The BellSouth campaign, which is more of a middle-sized effort, was budgeted at \$12 million.

If you are working for a nonprofit campaign, such as the Connecticut Breast Cancer campaign featured had a budget of \$500,000, you may need to focus on inexpensive marketing communications such as publicity and try to stimulate as much word of mouth as possible. Most campaigns are somewhere in between and their planners rarely have as much money as they feel they need to do the job right. Once the appropriation is set, the money can be allocated among the various advertising and marketing communication activities.

#### Advertising's "Gray Zone"

For years, advertisers have used sexual themes and "shock tactics" in their advertising campaigns to attract attention and build brand awareness. It seems that in Calvin Klein's advertising campaigns, shock tactics and controversy go hand in hand.

The furor caused by Klein's 1995 CK Jeans campaign, featuring childlike models in sexually provocative settings, is unrivaled in American advertising history. The public protest, led by Rev. Donald Wildmon, resulted in an investigation by the Federal Bureau of Investigation (FBI) for possible violations of child pornography laws. A large group of public advocates and politicians joined Wildmon, calling for a boycott of Klein's products.

In the same week, both Time and Newsweek ran articles condemning the CK Jeans "Kiddie Porn" campaign. A survey conducted by American Advertising Magazine found that 60

percent of its readers (advertising practitioners) felt that the media companies should not have run the campaign.

Why do advertisers such as Calvin Klein persist in running such highly controversial campaigns, especially considering that evidence suggests that many consumers find these attention-grabbing techniques offensive and objectionable? What consumers and critics tend to lose track of is that some advertisers have become masters of obtaining free publicity through shock tactics. And these advertisers' primary interest is the response of their target audience, not the public at large. Although Klein was forced to cancel the CK Jeans campaign not long after it was first aired, it was still a sales success. Sales of CK Jeans rose to \$463 million in 1995 from \$113 in 1994. Another advertiser, Benetton, ran a shock tactic campaign for more than a decade. The Italian knitwear maker sought to build awareness by associating its brand name with vivid photographs of controversial social and political issues. For example, Benetton ads featured photos showing an AIDS deathbed scene, the blood-soaked uniform of a Croat soldier, an electric chair, and various acts of terrorism. As a result, Benetton experienced consumer and media boycotts around the world and substantial free press about its campaign.

Other advertisers sometimes use a variety of stereotypes that may be offensive or harmful to women, minorities, elderly, and other groups. For example, some harmful female stereotypes found in advertising portray women as dumb blondes, indecisive, childlike, frivolous, sexual objects, and overly concerned with appearance or slimness. One ad for Virginia Slims shows a picture of a woman in the driver's seat of a car applying makeup with the headline, "Why do we apply mascara at 55 mph? Because we can."

These three cases help illustrate the "gray zone" between advertising legality, taste, and ethics. An advertiser can demonstrate bad taste or act unethically without breaking any laws. Ethical advertising means doing what is good and morally right for a given situation. The big question remains: Should one marketer be able to profit at the expense of the entire industry's image? The advertising industry needs to be just as concerned about its social esteem as it is about its selling effectiveness. In the long run, the two are the same.

#### It's Your Turn

1. Although it is clearly legal, is the use of shock techniques in advertising appropriate, given that many parents believe it's injurious to children and many practitioners believe it may hurt the industry and lead to more regulation?
2. Is it acceptable for advertisers to use images and messages that some members of the public find offensive and others believe to be socially harmful?
3. Do you think that in the long run companies that use offensive or tasteless ads can stay successful? Consider all applicable stakeholder audiences.

#### Evaluating The Campaign Plan

The last stage in the development of a campaign plan is to prepare a proposal stating how the campaign will be evaluated. Evaluation is the final and, in some respects, the most important step in an advertising campaign. The key part of an



## LESSON 40 :

### ACCOUNT PLANNING AND RESEARCH

#### Objective

Students by the end of this session you will be able to discuss the value of marketing research then the difference between strategic research and evaluative research. Finally you should be able to identify the factors that affect message research with advertising research challenges.

If an advertising agency were a factory, the products coming out the back door would be advertisements and media purchases. The raw material going in the front door would be information. The account planners inside the organization would process the information to find insights about consumers, brands and the marketplace. Information is the basic ingredient for gaining insight that helps marketers to plan and evaluate ads and media buys. Information is obtained through research. This lesson discusses strategic and evaluative research. We also investigate how United Airlines used research to target its advertising and plan an effective campaign.

#### Advertising Research

Advertising research adds the dimension of a scientific approach to advertising. Earlier, we have talked about the business approach and the creative approach to advertising. While the business approach is concerned with advertising as part of the marketing mix, the creative approach in advertising refers to the effectiveness of communication from the seller to the target customer. The scientific approach is a practical way of ensuring against advertising failures and improving the probability of success.

#### What to Test?

In advertisement testing, the researcher is concerned with the measurement of advertisement effectiveness. Now the question that arises is: What constitutes effectiveness? In other words

which variable is to be counted or measured which will indicate the degree of advertising effectiveness? Effectiveness, therefore, should be measured in terms of a dependent variable, as weight, as weight is measured in kilograms or height is measured in centimeters.

The ultimate criterion of ad effectiveness is, of course, increased sales; but sale is an ultimate action, and a result of either change in consumer awareness, his knowledge of the product, or a change in his attitude, or the development of certain motivating factors. Favourable consumer responses – behavioural, physiological or verbal – are employed as measurements of advertisement effectiveness. For example, a person, after being exposed to an advertisement, visits a local dealer, or discusses the product with his friend, or borrows it from his friend for a trial, or buys the product. These are example or behavioural responses. The physiological responses are: a change in the heartbeat, sweating, the movement of the eyeballs, etc. A verbal response is the answer given to a question, written or spoken.

Further, an advertisement as a whole cannot be tested with a target sample for the responses enumerated above. It has to be broken down into three parts for message, the media and the scheduling. Each part is then tested for the responses of the consumer. The message headline, its illustration, the body text, the layout and the typography are tested for message appeal, its theme, its style, etc. The test should be carried out with ads which are as finished as possible. The more finished an ad, the more accurate are the test results. But this procedure is often conditioned by time and the cost of testing an ad.

Testing an advertisements, their frequency and continuity have been rarely researched as a part of advertisement effectiveness. Consumer behaviour is influenced by time – the season of the year, festival times of the year, etc. Some ads are more effective if run through a particular period with a concentrated schedule rather than run throughout the year. The frequency of advertising makes much difference to its effectiveness. Ad effectiveness also depends on the advertising budget. Even advertisement research and its effectiveness depend upon the budget allocated for them.

#### When to Test?

An advertisement should be put to test before it is run so that any corrective step, if required, may be taken at the right time. Most ideally, testing should be carried out at an appropriate stage in the advertising process. For example, the effectiveness of an ad appeal or theme should be tested before preparing an advertisement. Similarly, the effectiveness of alternative means of presentation should be put to a test before the final selection of the media. However, this may not be feasible or advisable. Advertisement testing before it is run may provide indications of what will happen during and after its running. This is known as pre-testing. Testing after an advertisement has run to

measure its effectiveness is called post-testing. There is also concurrent testing, which refers to testing during the running of an advertisement.

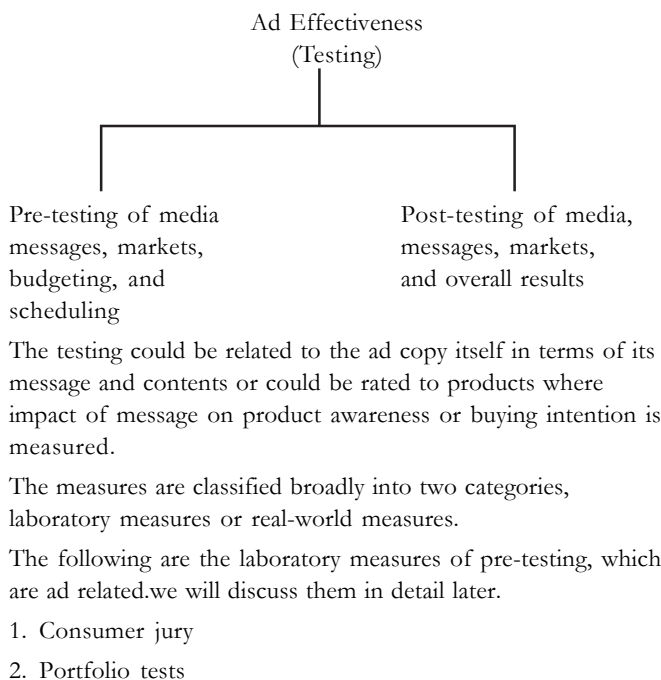
Ideally, again, all the three tests should be done in a chain, one after the other if one desires to be very sure of advertising success. But, in practice, all may not be required, or may be time-consuming, apart from being costly. While pre-testing increases the likelihood of preparing the most effective advertisement messages before costly media are employed, post-testing would require additional time and expenditure, if the advertisement under the test is finally discarded. At the same time, post-testing provides a full-fledged testing of an advertisement under actual running conditions, and eliminates or confirms the various assumptions made during the pre-test stage.

#### Why Measure at all?

There is no unanimity amongst the marketing community about the necessity of measuring ad effectiveness. However, since substantial funds are allocated to promotion, now some advertisers demand evidence that the advertising they are doing is really paying. And for this measurement is conducted. The advertising agencies, however, view the whole thing skeptically. The concepts of effectiveness and evaluation are open to different interpretations. Besides, creativity cannot be submitted to evaluation. All said and done, opinion now veers to having some evaluation at all, rather than no evaluation. It may help avoid expensive errors of judging and strategy. The following principles called PACT: Positioning Advertising Copy Testing have emerged to measure effectiveness of ads and sales results.

#### Types of Advertising Evaluation

We can either choose to the evaluation prior to the running of ads in the media called pre-test evaluation or after the ads have been run in the media called post-test evaluation. Pre-testing increases the likelihood of preparing most effective ads, by allowing us an opportunity to detect and eliminate weaknesses of flaws. Post-testing guides us to future advertising strategy.



3. Readability tests
4. Physiological measures
5. Eye-camera
6. Tachistoscope
7. GSR/PDR.

The following are laboratory measures for pre-testing which are product-related:

1. Theatre tests
2. Trailer tests
3. Laboratory stores.

The following are the real-world measures of pre-testing which are ad-related:

1. Dummy advertising vehicles
2. Inquiry tests
3. On the air tests.

The following are the real-world measures of post-testing which are ad related:

1. Recognition tests
2. Recall tests
3. Association measures

Lets first try and solve this case and then move ahead

#### United Rises to the Challenge

Late or conciliated fights, lost luggage, food, lines 80 people long, ill – tempered personnel – it sure doesn't sound like friendly skies. That's what United discovered when it conducted some of the most exhaustive research of domestic and international air travelers ever undertaken. The \$1.5 – million-research project revealed that the U.S. airline industry as a whole has consistently failed to meet its customer's expectations.

What are customers looking for? The research suggested these answers: unrivaled worldwide access, recognition of frequent travelers and rewards for them, individual attention, honesty, onboard comfort, and fewer hassles at airports. Customers, especially the company's most profitable business customers and frequent fliers, were angry.

General Greenwald, United's chairperson and CEO, commented, "It would be disingenuous of me to say we weren't already aware of the fact that air travelers were unhappy. What shocked us was the depth of the dissatisfaction we uncovered." And United's long-running "Friendly Skies" advertising campaign was delivering a message that business travelers viewed as both inaccurate and irrelevant.

Its large-scale study on market segments revealed that United faced another disadvantage. Within the industry, two key traveler segments—"Road Warrior" business travelers and international travelers who make three or more trips a year—represented only 9 percent of all passengers but they accounted for 53 percent of total revenue. Unfortunately, United had fewer of these fliers using its airline.

To succeed, United had to find a relevant message that could differentiate it from the competition, return it to leadership



status, and ultimately position it as the preferred airline among the highest-yield passengers, the “Road Warriors,” who were being actively courted by the competition. That was the assignment United gave to its two agencies: Fallon McElligott for its U.S. business and Young & Rubicam for its international business.

#### Think About It

1. How should United use its initial research findings to plan and develop an advertising strategy for its business travelers and frequent fliers?
2. If you worked on this account, what types of research would you need to devise a believable message that would speak to your target audience?
3. If you were united, how would you evaluate the effects of your agencies’ advertising?

Sources: Information for this case comes from the EFFIEs brief provided by United Airlines and Fallon McElligott; Jim Kirk, “Ad Agencies Rise to United’s Challenge,” *Chicago Tribune* (June 15, 1997): 1B; Stuart Elliott, “Flying Is a Pain That United Wants to Share,” *New York Times* (Mil) 16, 1997: 01; and Mary Ulen Podmolik and Jim Kirk, “United’s New Flight Path: Upgrades Court Business Fliers,” *Chicago Times* (May 2 1997): Financial Section, 43. “United Marketing Boss Colman Exits As New CEO Shuffles Jobs,” *Ad Age* (July 29, 1999): www.adage.com

#### Research and Account Planning: The Quest for Intelligence and Insight

Figure **Component Of Advertising Research** highlights the differences between strategic and evaluative research. Essentially, strategic research is an extension of the marketing strategy. Advertisers use it to help develop creative designs and media plans. Evaluative research measures how well the advert has reached its goals. In both cases the most important goal is acquiring high-quality information that offers insight.

Information comes from two major sources.

The **first source** is the collective business and personal experience of the advertiser and the advertising agency. In the case of General Motors, for example, Vincent P. Barabba, a former political pollster who ran the Census under three presidents, directs the research. Because of his experience and insights, along with input from hundreds of staff members and outside consultants, GM marketing research developed a customized model of consumer behavior based on market segments categorized by needs. The **GM model** is based on a statistical model using car buyers’ demographics, attitudes, and desired car features. It serves as input for car design and advertising planning’s.

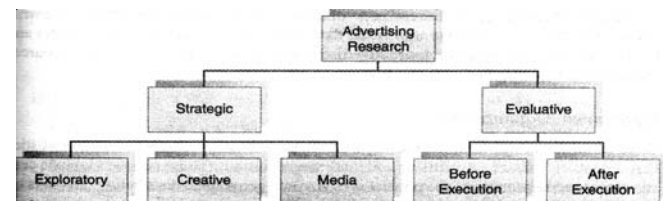
The **second source** of information is formal research, such as - surveys, in-depth interviews, observational methods, focus groups (which are like in-depth interviews but involve a group rather than individuals), and all types of primary and secondary data.

Marketing research is used to identify consumer needs, develop new products, evaluate pricing levels, assess distribution methods, and test the effectiveness of various promotional

strategies. A subset of marketing research, known as market research, is research used to gather information about a particular market. Account planning goes even further, using research to gain insights about the brand in its market and the consumer’s relationship to the brand.

Although research information plays an important role every major advertising campaign, it is always assimilated into, combined with, and altered by the professional and personal experiences of those who plan, create, execute, and approve the advertising.

Component of Advertising Research



#### Strategic Research Versus Evaluative Research

Advertising research can have different purposes. Strategic research covers all the issues that lead to the actual creation of advertising think of strategic research as collecting all relevant background information needed to make a decision. You engaged in strategic research when you were looking for an acceptable collector attend, for example.

**Evaluative research** assesses the effectiveness of your decisions. An advertisement goes through various stages of development and evaluation takes place at each stage. Although strategic and evaluative research share some common tools and processes, we highlight the key differences in this lesson.

#### Lets see what is there in Strategic Research

Strategic research is an information-gathering process that enhances the design of a creative strategy. It begins with a review of secondary research, which is an exploration of all the available published information. When advertising people get new accounts or new assignments, they start by reading all available material on the product, company, industry, and competition: sales reports, annual reports, complaint letters, and trade articles about the industry. What few are looking for is a new insight. That insight might ultimately might demand customized research-called primary research because it is conducted for the first the.

Bank Boston effectively used secondary and prime research to plan its advertising and marketing strategy. The problem Bank Boston faced was how to build a profitable business in New England’s urban markets, which most banks had abandoned years ago. Employee Gail Snowden knew about Boston’s urban neighborhoods through personal experience. She developed a research strategy to learn more about the unique needs of those neighborhoods’ citizens. Snowden did secondary research by examining-government sources, especially U.S. Census data. Then she conducted primary research such as focus groups and interviews of various people from the neighborhoods.

In an advertising agency the end users of secondary and primary research are the writers, art directors, and producers who create

the advertisements and the media planners and buyers who select the media for those advertisements. Many secondary information sources are available to advertisers.

### Government Organizations

Governments, through their various departments, provide an astonishing array of statistics that can greatly enhance advertising and marketing decisions. Those statistics include census records and estimates of the population's size and geographic distribution, and data on the population's age, income, occupational, educational, and ethnic segments.

Demographic information of this kind is fundamental to decision making about advertising targets and market segmentation. An advertiser cannot aim its advertising at a target audience without knowing that audience's size and major dimensions.

### Trade Associations

Many industries support trade associations (such as a professional organization whose members all work in the same field) that gather and distribute information of interest to association members. For instance, the American Association of Advertising Agencies (AAAA) issues reports that help ad agencies monitor their own performance and keep tabs on expeditors. The Radio Advertising Bureau publishes Radio Facts, an overview of the memorial U.S. radio industry, and the Account Planning Group conducts seminars and training sessions for account planners.

### Secondary Research Suppliers

Because of the overwhelming amount of information available through secondary research firms called **secondary research suppliers** gather and organize information around specific topic areas for other interested parties. Key secondary research suppliers are FIND/SVP, Off-the-Shelf Publications, Inc., Dialog Information Services, Inc., Lexis-Nexis, Dow Jones News Retrieval, and Market Analysis Information Database, Inc.

### Secondary Information on the Internet

For any given company, you're bound to find a Web site where you can learn about the company's history and philosophy of doing business, check out its complete product line, cover who runs the company, and so on. Several sites offer credible information for account planners or others involved in market research.

### Realistic Information

#### Web Sites for Advertising Research

Here's a sampling of Web sites that contain information useful to advertisers:

- Advertising Law ([www.webcom.com/-Iewrose/home/html](http://www.webcom.com/-Iewrose/home/html)): a clearinghouse for articles, regulations, and cases on issues such as testimonials, advertising products that don't exist, and privacy.
- Business Wire ([www.businesswire.com](http://www.businesswire.com)): an electronic distributor of press releases and business news.
- Census Bureau (<http://www.census.gov>): contains the U.S. Census database, press releases, a population clock, and clips from its radio broadcasts.

- Hoover's Online ([www.hoovers.com](http://www.hoovers.com)): a database of detailed profiles for publicly traded companies.
- Marketplace ([www.mktplace.com](http://www.mktplace.com)): a clearinghouse of marketing news and information for more than a thousand industries.

### Primary Research Suppliers

Research firms that specialize in interviewing, observing, recording and analyzing the behavior of those who purchase or influence the purchase of a particular good or service are called **primary research suppliers**. The primary research supplier industry is extremely diverse. The companies range from A/C. Nielsen, which employs more than 45,000 workers the United States alone, to several thousand one-person entrepreneurs who conduct focus groups and individual interviews, prepare reports, and provide advice on specific advertising and marketing problems.

To better understand its customers, United used two primary research suppliers: one for the United States and another for overseas markets. These firms conducted interviews with customers, employees, and suppliers in eight countries. They found that customers feel business travel is something to be endured, and feel out of control and vulnerable when they fly they are stripped of their status and treated like herded cattle. Flying is an ego deflator, demoralizing and humiliating. Furthermore, the research revealed that the industry suffered from "sameness."

The researchers also discovered that these consumers are sophisticated, intelligent, well read, and business savvy. They understand and readily evaluate marketing strategies. They consider most advertising to be banal, juvenile, and unworthy of their intelligence. The few ads they consider worth their time actually reward them in some way, with emotion, charm, inspiration, and wit.

Many advertising agencies subscribe to very large-scale surveys conducted by the Simmons Market Research Bureau (SMRB) or by Media mark Research, Inc. (MRI). These two organizations survey large samples of American consumers (approximately 30,000 for each survey) and ask questions about the consumption, possession, or use of a wide range of products, services, and media. The products and services covered in the MRI survey range from toothbrushes and dental floss to diet colas, camping equipment, and theme parks.

Strictly speaking, both SMRB and MRI are secondary data sources: Their materials are intended primarily for use in media planning. However, because these surveys are so comprehensive, they can be mined for consumer information. Through a computer program called Gold digger, for example, an MRI subscriber can select a consumer target and ask the computer to find all other products and services and all the media that members of the target segment use more than do consumers in general.

The resulting profile provides a vivid and detailed description of the target as a person just the information agency creative need to help them envision their audiences.

## Advertisers' Research Departments and the Shift to Account Planning

In the 1950s all major advertising agencies featured large, well-funded, highly professional research departments. Some large advertisers still have research departments in-house. These departments' collect and disseminate secondary research data and conduct primary research that ultimately finds its way into advertising. As markets have become more fragmented and saturated and as consumers have become more demanding, a shift to account planning has occurred.

### The Inside Story

Research is much more than Numbers

**Sally Rainman:** Worldwide Market Planner. Saatchi & Saatchi

The stereotypical notion of advertising research as a job restricted only to surveys number-crunching activities and focus groups is fading. Sally Reinman discusses some dynamic changes in advertising research.

Although the title of Worldwide Market Planner sounds broad, it accurately reflects the, current role of research and account planning in international advertising agencies. Research in advertising still relies on traditional tools such as secondary data, surveys, and theater tests. However research processes are more varied and exciting than ever before. Examples include asking consumers to draw pictures, create collages and produce home video to show how they use a product.

As consumers around the world become more informed and demanding, advertisers that target different cultures need to find the "commonalities" (or common ground) among consumer groups from these cultures. Research for Toyota's sports-utility vehicle (SUV). Hi RAV 4, showed that consumers in all the targeted countries had three common desires. They wanted an SUV to have style safety and economy.

To find these commonalities. I work with experts to learn the cultural meaning of codes and symbols that people use to communicate. The experts I work with include cultural and cognitive anthropologists, psychologists, interior decorators, and Indian storytellers. Anyone who can help me understand consumers and the consumer decision-making process is fair game.

For example, one client, who was responsible for introducing the 1997 James Bond movie, asked us to find the common elements of the target audience. The existing audience consisted mainly of older male Boomers. To get a new slant On James Bond that appealed to a new generation we contacted a hierologist (a person who studies language, codes, and symbols) to interpret the James Bond books and movies. This process told us what James Bond stood for so that our client could decide what would and would not reach our target audience effectively. We knew people liked the element of fantasy but not the demeaning attitude Bond had toward women. Based on the research findings, a worn became Bond's boss in the new Bond movie and dialogue was changed to suit audience attitudes.

I interpret experts' insights and findings for the creative team so they can incorporate the information to improve the creative

process. If advertisers speak to customers more effectively, they are more likely to see customers respond to the brand positively. In the case of the Bond movie, advertising media was selected and the movie trailers focused on fantasy and escapism-the elements the target audience enjoyed.

I love the job. It requires a sincere interest in people and a burning curiosity about what makes them tick. To be perfectly honest, I believe these attributes are more important than your major or your grade point average. I invite you to consider the world of market planning. "

Ms. Reinman Was trained as a biochemist, receiving a Ph.D. in 1980. During her post-doctorate in Paris at a nuclear lab, she discovered how solitary the work was and switched careers to teach English to French students at Berlitz. A student who owned a Paris ad agency contracted her to translate a Yankelovich Research report into French. After more work in advertising research, Ms. Reinman took some research coursework at UCLA. After working at a research company for several years and advertising firms Hill/Holiday and J. Walter Thompson/L.A., she began working for Saatchi & Saatchi Advertising in 1991.

### The Account Planning Process

Developed in England in the 1960s and 1970s, is full process of using research efforts to gain more information about the brand in its marketplace the consumer's perspective, or both and to use that research to contribute directly to advertising development. This concept has spread to agencies in Europe, Asia, and the United States. Account planning seems to be here to stay.

The research projects vary in size and type, as the Inside Story feature shows. They may range from in-depth interviews with one person to large-scale surveys designed to identify and measure activities, interests, and opinions in segments of the consumer population. Many agencies that are too small to sustain internal account planning departments or lack the expertise for a certain project rely on outside research suppliers. In some cases, these agency-supplier relationships become so productive that the supplier fulfills most of the roles of an internal research department. Aspen Research, in Boulder, Colorado, has this type of relationship with Karsh & Hagen Advertising.

To aid account planners and the creative advertising staff, many agencies maintain specialized libraries (often called information or intelligence centers) that provide access to dictionaries, encyclopedias, atlases, cookbooks, books of famous quotations, and trade and general newspapers and magazines. As Figure 5.4 shows the intelligence center staff must be prepared to research a wide spectrum of questions.

### A Sample of Questions Answered by a Typical Advertising Agency Information Center

- Compile trends of the past 5 years as they relate to diet and salt and the impact of salt on the environment.
- We plan to shoot in northern Australia. What is the average temperature and rainfall there for mid-July?

- What information regarding the Fourth of July is available at the Information Center? I need both historic and fun ideas.
- I need pictures of birds flying in a flock, teens walking on a sandy beach, and a close-up of shells on the beach-right away.
- Who are the leading marketers of frozen dinners and entrees? I need sales and market shares.
- Give me the number of families with children under 5 years old and the number of households with incomes over \$25,000.
- Are people concerned about cholesterol in pancakes? Are people aware that pancakes have cholesterol?
- How big is the foot-powder market?
- We need pictures of brand characters-the original look and the revised ones. Examples: Betty Crocker, the Campbell Soup children, and the Morton Salt girl.

### Who Organizes the Facts?

A typical advertising campaign might be influenced, directly or indirectly, by information from many sources, including outside research suppliers and the agency's account planning department. Surprisingly, the problem usually is not too little information, but too much. Someone must sift through the qualitative data, which seek to understand how consumers behave and why, and the quantitative data, which include numerical data such as exposure to ads, purchases, and other market-related events. This person must also separate the potentially relevant from the irrelevant material and put the outcome into a format that decision makers and creative can use.

### Account Planning Staffing

In advertising agencies with internal account planning or research departments, the research task usually falls to account planners in the department. Account planners are the people responsible for the advertising strategy and its implementation in the creative work. To develop effective strategy, they must thoroughly understand their target audience. The ability to organize huge amounts of information and to make that information relevant to the problem at hand is one of the most important skills account planners can have.

In agencies with out these departments, the task of collecting and organizing information usually falls to Members of the account management group.

Even in agencies with account planning departments, members of the account management group are likely to be involved in the final decisions about what information will be passed on to those who will create the campaign. Account managers typically play a role in every facet of the agency's work on his or her brand.

Just go through this article

Finding Ms Bigbuy

Leading advertising agencies have developed research tools to catch consumers at their receptive best

Our Advertising & Marketing Bureau

10 April 2004

Most well-known agencies have one and flaunt it unabashedly to attract clients.

We are talking of tools that indicate when they should 'talk' with their potential customers to catch them at their receptive best. A research tool can even suggest a sales approach that's most likely to work with a certain kind of an individual.

Under fierce competitive pressure, marketers have begun to take a closer look at potential buyers, analysing even their mood swings through various parts of the day and in different parts of India. Suddenly, understanding the consumer has become more crucial than ever to professional marketers and, therefore, research has assumed invaluable significance. Research throws up data that can guide clients to how much they should invest and the targets they should aim at.

In November last year, Rediffusion Dentsu Young & Rubicam Pvt. Ltd. unveiled its Brand Asset Valuator (BAV), a tool that the agency's planning director, K Subramanian calls a "robust study of the urban Indian consumer". This proprietary tool, which has been administered in more than 35 countries, has also been tailored to suit the Indian market. The Indian version encompasses 3,000 respondents and 1,350 brands in Delhi, Kolkata, Chennai, Mumbai, Guntur, Ranchi, Rajkot and Lucknow.

Other agencies, too, have developed their brand tracking tools. These tools can reveal consumer preferences such as: would customers who buy a particular brand of car also opt for a particular brand of television, given that the image of the car and television brands, in the customers' mind, are in keeping with a certain image they have of themselves?

Such insights help agency creative teams zero in on a brand positioning strategy that's most likely to work in favour of the brand in the customers' mind. These tools also plot and correlate the image in the customers' mind of other appliances such as refrigerators and microwave ovens.

These tools also reveal the 'rub-off' effect of celebrity endorsements on a brand's association with a particular brand ambassador and the degree of strength or weakness, which a celebrity brings to the brand, in the perception of specific consumers. Similarly, the tool can quantify perceptions of brand ambassadors such as cricketer Sachin Tendulkar, actress Aishwarya Rai or film star Amitabh Bachchan.

A customer who buys cars, for instance, explains Ram Sehgal, group adviser, Rediffusion DYR, also buys a television set (or two), a microwave oven and a refrigerator. But given the brand of vehicle customers choose, a tool can predict with reasonable accuracy the choice of other appliances they may make It indicates to clients where their brand is in relation to its competition. "It's a business tool more than an advertising tool," says Sehgal.

Research is in, all right. Grey Worldwide's strategic planning division, Grey Cells, has been working on a survey of women in the 19-to-24 age group, determine how attitudes have changed over time and to get the drift of impending change. The researchers spoke at length to 4,000 women across five metropolitan cities and four mini-metros over a six-month



period. Their study revealed widespread changes in social attitudes.

Traditional attitudes are crumbling. Women would rather have a husband who can hold his drink than a teetotaler. There is greater acceptance of dating, smoking and drinking. And although the woman would make efforts to keep her marriage intact, she would not shy away from the possibility of a divorce should the situation deteriorate beyond repair. In short, the dividing line between a “good girl” and a “naughty girl” is blurring and it seems it will blur further.

Agencies use their research findings in generating their creative inputs for television commercials and scripts or even conceptualising campaigns. Grey, for instance used its research findings to show a playful couple that does not care too much about its clothes getting soiled over a mucky football; they frolic in the mud after he kicks the foot at her.

The interesting thing is that she responds instead of being coy and hiding behind a tree (and breaking out into song). Of course, their washing machine does the rest. According to an executive at the agency, “We had half a mind to have her give him a friendly knock-out in the mud because that’s the way things are going.”

Women do not mind living with their in-laws so long as they have their own space. In-laws are considered convenient to have so that they can continue to work even after having children. This indicates to the agency the opening up of a new market segment — working mothers. Indeed, the study discovered that women put careers and financial independence very high in their priorities and are taking the guilt out of impulse shopping. That means when agencies create advertising messages that sell impulse-buy products, they need to factor in women in the target audience as well in order to be more effective.

Research is all about being more effective in getting increased value for the client’s rupee. So late last year, Japanese advertising agency, Hakuhodo Inc., a partner of the Percept group, brought to India its Global Habit Brand Navigator. This tool uses a proprietary database of results from the agency’s Global Habit survey of *sei-katsu-sha* — a Japanese term that represents understanding of people with lives, preferences and values that go beyond the goods and services they consume.

The study is an attempt to get into the very essence of the consumer and to find out what he or she actually is and would like to be. Consequently the study probes a person’s preferences such as hobbies, dining, entertainment, the gadgets they own and how they perceive brands and their own values. For the marketer it is important to know what people do with their private time.

Global Habit Brand Navigator, first conducted in 2000, is updated every year and covers about 18,000 people, in the 15-to-54 year age-group in 30, mainly south east Asian markets. The study collected information on 150 brands in 27 categories so that it could plot a client’s preference of brands to get a fair idea of his or her lifestyle and analyse the chances that this personality type would buy a certain product. The marketing message can be tailored accordingly to influence the customer by creating the desired perception in his or her mind. This will make a big

difference to a client’s investment in a particular brand in a given market.

FCB-Ulka Advertising’s research tool, Chess, is an exercise in competitive strategy. It helps a strategist to make the best decision based on the market scenario. The agency claims, “It enables you to anticipate your competitor’s moves and develop counter moves to defend against them. The ultimate goal of Chess is to help clients acquire a foundation of invaluable and unique intelligence upon which to base their decisions.”

Chess works on the premise that three key pillars largely define every company’s marketplace behaviour. These are beliefs and value systems (culture), what they know (content) and how they do things (processes). And by understanding these key drivers you can unveil the personality and mindset of your competition.

Besides, the agency identifies a competitor’s Achilles’ Heel. The premise is that every competitor’s core strength has a downside. If this weakness is exploited adroitly, the competitor may not be able to respond because eliminating such a weakness would mean sacrificing its core strength.

At the end of the day, the tools of research are devised to focus on boosting bottom lines because in an increasingly competitive environment that’s what matters.

## The Strategy Document

The outcome of strategic research usually reaches agency creative departments in the form of a strategy document or creative brief. Although the exact form of this document differs from agency to agency and from advertiser to advertiser, most have five major parts: **the marketing objective**, the product, the target audience, the promise, and the brand personality.

### Marketing Objective

The section of the document that presents the marketing objective reviews the competitive

Situation and establishes a goal for the campaign. It includes past and present sales figures market shares of the brand and of its major competitors; competitors’ advertising and promotional resources, tactics, and practices; and any other information about the brand that may lead to a prediction of early success or risk of failure. Although advertisers and agencies are acutely aware that marketing success depends on many factors besides advertising, advertisers do expect advertising to help them meet their marketing goals. It is important, then that everyone involved in the development of the campaign understand exactly what those goals are.

If the advertiser has an unspecified and unreasonable marketing objective and the agency through ignorance, implicitly agrees to meet that objective, the agency has unknowingly put itself in an extremely vulnerable position. In the strategy document the marketing objective should be specific; it should be agreed to at the outset.

For United Airlines the overriding marketing objective was to increase preference (as defined ed by choice for the next trip) among the high-yield business travelers in its target segments. To support that objective, United had three communication objectives: Stand outcome a commodity field, increase percep-

tions of United Airlines as a leading brand, and create affinity for the brand through personality, imagery, and empathy.

### The Product

The product section of the strategy document includes the results of surveys, consumers' perceptions of the brand and its major competitors, and tests of or reactions to the brand's and its competitors' advertisements, promotions, retail displays, and packaging. In other words, this section of the strategy document presents any facts, opinions, perceptions, or reactions to the product that might fuel an advertising campaign.

Account planners have to learn everything they can about how consumers think, feel, decide and act.

### The Target Audience

The next section of the document provides a demographic and psychographic description of the campaign's target audience.

The demographic data come from secondary sources or from surveys that reveal the age, income, education, gender, and geographic distribution of the consumers who might be persuaded to adopt the brand. The psychographic information comes from attitude and opinion surveys, individual in-depth interviews, observing audience member behaviors, or focus groups, all of which help paint a portrait of the target as a per  
Both the MTV ad is an example of an ad targeted at a specific audience.

Both the creative team, which must create communication, and the media planners, who must decide how and when to contact targets most efficiently, need to know as much as they can, in as much depth and detail as possible, about the people they are trying to reach.

### Promise and Support

Advertising always promises some sort of reward that the customer can obtain by buying or using the advertised product or service. The promise section of the strategy document to writers and art directors which reward, out of many possibilities, the advertising should promise The support section of the strategy document indicates the facts about the product or the brand's attributes that are likely to make that promise most acceptable to users sights into consumer motivations and purchasing decisions help solve the often difficult puzzle of selecting the most motivating promise and deciding how to support that promise

### Brand Personality

Brands, like people, have personalities. When a brand has a winning personality, its advertising should perpetuate and reinforce that personality. When a brand has a less than desirable personality, advertising should work to remedy the problem. Research that asks potential customers what the brand and its competitors would be like if they were people or animals supplies the information needed to specify the brand's present personality and identifies the kind of improvements needed.

For instance, research in the telecommunications industry revealed that consumers viewed MCI as a snake, Sprint as a puma, and AT&T as a lion. Research revealed that consumers perceived United's brand image and its 31-year-old theme, "Fly the Friendly Skies," as dated, irrelevant, and inaccurate. Fallon McElligott's understanding of this customer attitude enabled it

to develop a message and brand image that would resonate with customers. To serve the international market, United paired Fallon with worldwide Young & Rubicam agency. The two agencies together came up with the United "Wising" campaign that conveys the idea that although United knows customers hate the hassles of flying, United is rising to the challenge of making it better. The brand had to take the emotional high ground, tapping a psychic nerve that consumers could relate to beyond the tired "romance of flying" angle

### Strategy Statement

A strategy document is usually prefaced by a brief strategy statement that distills the document's main points. Following the strategy statement, the document itself presents the highlights of the most relevant research. Figure of **Strategy Statement For Milk** shows a typical strategy statement.

In addition to making a multiyear commitment to improve service to meet air travelers' expectations, the unconventional campaign takes a candid, even brutal look at the reality of air travel today. United CEO Greenwald said, "Rising" is both our new slogan and a watchword. It tells our customers that we are working hard to improve our products and services to meet their needs."

Because United's research revealed that consumer don't trust airline advertising, the agencies recommended an advertising strategy of brutally honest advertising that communicated with **consumers on three levels:**

1. Empathize: Show me you know how hard travel is
2. Acknowledge: Show me you recognize I'm important.
3. Act: Show me you'll do something about it.

Fallon specifically recommended that United pursue a strategy that basically said the airlines knew the industry is full of empty promises and that it can't guarantee to fix it right away, but it is trying. It was a risky strategy: It admitted all the faults that customers see in flying.

Although formats vary considerably from advertiser to advertiser and from agency to agency, some way of conveying in writing what is known about the product, the brand, the competitive situation, and the prospective customer is as essential to an advertising campaign as a blueprint is to a construction project.

### Strategy Statement For Milk

#### 1. Marketing Objective

Increase consumption of milk by members of the target audience by 10 percent.

#### 2. The Product

Although milk is considered to be among the healthiest beverages, milk drinking drops off sharply in the teenage years. Part of the problem is concern about fat and calories; part has to do with milk's childish and unexciting image. Advertising can have its most direct effect on the image problem.

#### 3. The Target Audience

Ma1es and females 16 to 30 years old. Milk is a beverage they had to drink as children, and although they are still drinking

it, they are choosing more often to drink other beverages. Milk has become less relevant to their lifestyle. They believe milk doesn't go as well with foods they like such as pizza, Mexican cooking, and Oriental dishes. Females in particular are concerned about the calories and fat in milk. Other beverages, such as soft drinks, are of greater interest to this group. Soft drinks are an exciting, versatile, and socially acceptable alternative to milk, which is practical, unexciting, and conservative.

#### 4. Promise and Support

Today's milk can help you become the attractive, fun, dynamic person you want to be (promise). Milk has the nutrition your body needs to look and feel terrific. Today's most attractive and dynamic people drink milk. Ice-cold milk taste great (support).

## 5. Brand Personality

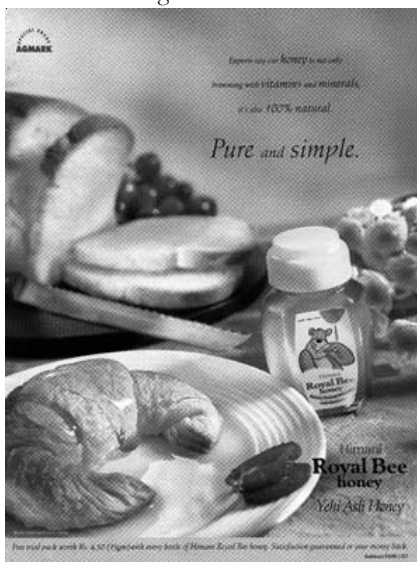
Personality now: childish, practical, conservative. Needed personality: exuberant, contemporary, young adult.

## Notes

## LESSON 41: ACCOUNT PLANNING AND RESEARCH

### Objective

Students by the end of this session you will be able to discuss the value of marketing research then the difference between strategic research and evaluative research. Finally you should be able to identify the factors that affect message research with advertising research challenges.



This session is in continuation to our earlier session. I hope from our earlier discussion you are clear about strategic research versus evaluative research, primary research supplier then who organizes the facts and finally the strategy document. Now let's discuss about the message development.

### Message Development Research

Although facts play an important role in many advertising campaigns, they are always filtered through and evaluated against a system of ideas, experiences, prejudices, memories of past successes and failures, hierarchical relationships, and tastes and preferences within the advertiser's own company and within the advertising agency. Decisions as to what fact finds its way into advertisements are never cut and dried.

Furthermore, as writers and art directors begin working on a specific creative project they almost always conduct at least some informal research of their own. They may talk to friends or even strangers who might be in the target audience. They may visit retail stores, talk to salespeople, and watch people buy. They may visit the information center, browse through reference books, and borrow subject and picture files. They will look at previous advertising (speedily the competition's) to see what others have done, and in their hearts they will become absolutely convinced that they are able to create something better than, and different from, anything that has been done before. This informal, personal research has a powerful influence on what happens later in the advertising process.

### Diagnostic Research and Early Feedback

Marketers use diagnostic research to help them choose the best approach from among a set of alternatives. As creative ideas begin to form, writers and art directors bounce ideas off each other and discuss them with their supervisors in the creative group. At this point, they may request some feedback from consumers to help them decide whether they are on the right track. Early feedback is the target audience's reaction to alternative creative strategies. This feedback usually takes the form of loose, unstructured conversations with members of target audience, either in individual interviews or in focus groups. Sometimes the people working on the advertising participate in these conversations; sometimes they only watch.

United's early feedback included focus group research to test several themes. R. White, director of planning at Fallon, said that when they tested the brutal honesty concern with consumers they began hearing that there's no way an airline can go from not meeting their needs to being the perfect airline without any stops in between. "They were telling us that we had time in purgatory first," White said. "You can't just go from hell to heaven without a stop in between."

Then at a 4-hour focus group meeting with a group of United's best business customers, the strategy broke through. After being blasted by frequent fliers for hours, agency presented some ideas showing empathy with customers. "It just resonated with people," White said.

When advertising begins to approach a more finished form, diagnostic research becomes more clearly defined. Creative concepts are translated into rough comprehensive and storyboards presentation pieces that show the artwork and print to be used in the final ad. Ideas begin to look more like print ads and television commercials. Consumers now have something specific to look at, and their reactions and evaluations to the concepts presented are taken more seriously.

### Contact Methods

Message development research may use any combination of methods to contact customers. The contact can be in person, by telephone, or by mail. In a personal interview the research asks questions of the respondent directly. The questions can be tightly structured in a questionnaire or they can be presented in an open-ended format. These interviews often are conducted in malls or downtown areas.

### Survey Research

Several types of quantitative research are important in marketing and advertising. Survey research uses structured interview forms to ask large numbers of people the same questions. The questions can deal with personal characteristics, such as age, income, behavior or attitudes. The people can be from an entire group, or **population**, or they can be a representative **sample** of



a much larger group. Sampling uses a smaller number of people to represent the entire population.

Like anthropologists, observation researchers study consumers where they live, work, and play. Basically, they've elevated people watching to a science. Direct observation takes researchers into natural settings where they record the behavior of consumers. Many research firms use video and disposable cameras to record consumers' behavior at home in stores, or wherever people use their products.

Thomson, a French company that sells consumer products under the RCA and GE brands, is developing a new technology for storing, accessing, and playing digital music. It hired E. Lab, Inc., a Chicago-based research firm, to assess how, when, and where people interact with music.

Lab began with in-depth interviews and direct observation in people's homes to see where they kept their radios and audio equipment. Then researchers shot 60 hours of video of people listening to music on sidewalks, in record stores and malls, and on buses. E. Lab also mailed disposable cameras to potential customers and asked them to photograph their audio equipment anywhere they listened to music. Trained researchers studied the photos and video footage to develop consumer insights. Thompson took those insights and is translating them into product design and marketing strategies.

A pioneering study of the direct observation technique concluded, "direct observation has the advantage of revealing what people actually do, as distinguished from what people say [they do]. It can yield the correct answer when faulty memory, desire to impress the interviewer, or simple inattention to details would cause an interview answer to be wrong. **The biggest drawback to direct observation** is that it shows what is happening, but not why. Therefore, the results of direct observation often are combined with the results of personal interviews to provide a more complete and more understandable picture of attitudes, motives, and behavior.

#### Cognitive Psychology and the Use of Metaphor

Some researchers believe that consumers' wants and needs are so deeply embedded in their brains that language becomes an insufficient communication tool. Instead, they turn to metaphor. Cognitive psychologists have learned that human beings think in images, not words. But most research uses words to ask questions and obtain answers.

To overcome this hindrance, some researchers, such as Harvard Business School professor Jerry Zaltman, try to uncover mental processes that guide consumer behavior through pictures. In a study on women's hosiery for DuPont, Zaltman selected 20 women and asked, "What are your thoughts and feelings about buying and wearing pantyhose?" To answer the question, the women were asked to collect pictures and photos from magazines and other sources.

One woman had an image of fence posts encased in plastic wrap and a photo of a vase of flowers. Other images included steel bands strangling trees, two African masks hanging on a bare wall, and a luxury car. Later, the subjects discussed the images with a trained interviewer and created collages with the help of a graphic designer.

Zaltman discovered that women hate wearing pantyhose (hence, the steel bands) but they also have positive reasons for wearing them. The flower vase represented how the product made the women feel thin and tall. The luxury car symbolized feelings of elegance. The findings altered the advertising strategy to include both images of competent career women and images of sexiness and allure.

To dig deeper into the consumer psyche of United Airlines' target market, Fallon McElligott turned to crayons. Frequent fliers were invited to a colouring session where they were given eight colours and a map showing the different stages in a long-distance airline trip. They were instructed to let their emotions do the drawing and to use hot colors for stress and anger, cool ones for satisfaction and calm. When the travelers completed their masterpieces, ticket counters burned orange and airport waiting rooms radiated fire engine red. To the surprise of the researchers, jet cabins at 35,000 feet were depicted in serene aqua.

#### Content Analysis

In preparation for a new campaign, agency researchers or account executives often conduct systematic audits of competitors' advertisements. These audits might include only informal summaries of the slogans, appeals, and images used most often, or they might include more formal and systematic tabulation of competitors' approaches and strategies, the basic question always is, "What are competitors doing, and how can we do it better?" By disclosing competitors' strategies and tactics, analysis of the content of competitive advertisements provides clues to how competitors are thinking, and suggests ways to develop new and more effective campaigns to argue against and possibly even overcome their efforts.

#### In-Depth Interviews

A common type of qualitative research is the in-depth one-on-one interview. This technique is used to probe feelings, attitudes, and behaviors such as decision-making. The insights can reveal how typical members of the target audience respond to the product, to competitors' products, to the advertiser's marketing efforts, and to competitors' advertising and marketing activities.

#### Focus Groups

A focus group is another method used to structure qualitative research. It is like an in-depth interview, except that it involves a group rather than an individual. The objective is to stimulate people to talk candidly about some topic with one another. The interviewer sets up a general topic and then lets conversation develop as group interaction takes over. However, this type of research has its critics, as we see next.

#### Perils and Promise of Qualitative Diagnosis

In-depth interviews, focus groups, observation re-search, and metaphor analysis provides valuable feedback at early stages in the creative process about motivations, behavior, and perception. However, the samples of consumers are usually so small that they usually do not represent the whole audience. Results from this type of research may be skewed toward a certain market segment. **Second**, because the advertising ideas submitted to early qualitative evaluation are usually in very

rough form, they might omit some important element that would make them work much better in the context of a full campaign.

A **third** problem specific to focus groups is group interaction. Sometimes one or two people may dominate the group and contribute more than their fair share.

Furthermore, when interested observers, such as account directors or copywriters, witness qualitative interviews, they often remember comments that support their viewpoints. A few offhand remarks from a small sample of consumers may convince observers that their perspective has been right all along. Sometimes even when better evidence presents itself later, these convictions can be hard to alter. However, the assets of diagnostic research outweigh its liabilities, and these techniques are widely used.

### Communication Tests

The drawbacks of qualitative diagnosis have led many advertisers to use communication tests instead. These are one-on-one interviews, usually conducted in shopping malls that supply central interviewing facilities. Interviewers recruit shoppers to fill out questionnaires on their age, sex, income, and product usage. They are asked to participate in a “study of consumers’ opinions,” and are sometimes offered a small fee for their cooperation.

### Evaluative Research

Okay, so you’ve paid your agency top dollar to psychoanalyze consumers, conduct focus groups, and do attitude surveys. The advertising strategy is Honea, people seem to like the ads, but you want to see whether you got your money’s worth. How do you value the advertising? More than likely, you won’t ask your agency to evaluate its own work.

**In this section we investigate the research testing techniques advertisers use to see whether** the advertising worked. Evaluative research is used to make final go/no-go decisions about finished or nearly finished ads, as distinguished from strategic research, which is used to understand the strengths and weaknesses of different strategies and different versions of a concept or approach.

Advertisers who use evaluative research hope that it will provide a valid measure of effectiveness so that they can see more objectively whether their decisions were the best ones available. The problem is that no one has developed a sure-fire test of effectiveness for several reasons.

- First, there are many truths in numbers.
- Second, advertising is one part of the overall marketing campaign, so the ability to determine its effects on sales (what many clients try to do) is limited by causality problems.
- Third, advertising has many purposes, so evaluative tools must be tuned to measure what the ad developers were trying to accomplish.
- Finally, evaluative research methods change all the time. Advertisers need to stay current and open minded about the best way to measure an ad’s success.

### Why worry about evaluative research?

The stakes of making an advertising misstep are high. By the time an average 30-second commercial is ready for national television, it has cost about \$200,000. If it is run nationally, its sponsor invests several million dollars in airtime.

Ideally, the results of evaluative research should be available before large sums of money are invested in finished work or in media buys. Test results may even be useful after an advertisement has been placed. Sales may fall, or they may not increase as rapidly as expected. **Is the advertising at fault? Would sales be better if the advertising were “working harder”?** Advertisers may want to test their advertising at several different times.

Evaluative research suppliers are listed in the American Marketing Association’s International Directory of Marketing Research Companies and Services. Most major advertisers have a favorite supplier and favorite research method people well-known evaluative research suppliers are listed in Table **Suppliers of Evaluative Research**

This list is not exhaustive. Many other research companies offer some form of evaluative testing, including qualitative in-depth interviews and brand tracking. **The question is, which (if any) of the evaluative research methods really work?**

We examine seven types of evaluative research methods:

1. Memory tests
2. Persuasion tests
3. Direct response counts
4. Communication tests
5. Frame-by-frame tests
6. In-market tests
7. Brand tracking.

Of these seven types, memory, persuasion, and communication are the most widely used.

Table Suppliers of Evaluative Research

Supplier	Medium	Methods
ASI Market Research, Inc., New York, NY	Television, print	Recall, persuasion
Bruzzone Research Co., Alameda, CA	Television, print	Recognition
Burke Marketing Research, Cincinnati, OH	Television, print, radio	Recall, persuasion, in-market sales
Communications Workshop, Inc., Chicago, IL	Television, print, radio	Communication test
poetic Research, Inc., New York, NY	Television, print	Communication test
Gallup and Robinson, Inc., Princeton, NJ	Television, print, radio, interactive	Recall, persuasion
& Partners, Ltd., London and New York	Television	Brand tracking
Information Resources, Inc., Chicago, I L		In-market sales

### Memory Tests

Memory tests are based on the assumption that an advertisement leaves a mental residue with the person who has been exposed to it. One way to measure an advertisement’s effectiveness, then, is to contact consumers and find out what they

remember about it. **Memory tests fall into two major groups: recall tests and recognition tests.**

A debate surrounds memory tests. Essentially, the issue is whether it is better to test memory through product category cues or brand cues. Category cueing (“Please describe any advertising you have seen for credit cards on TV recently”) expects consumers to recall and describe what happened in a particular ad. Brand cueing provides the advertiser’s name (or package or logo) and asks, “Have you seen an ad for Diners Club on TV recently?” In the latter case, consumers do not have to prove or describe specifics about an ad execution.

Critics contend that until consumers are asked a follow-up question like, “Describe the ad you have seen recently for Diners Club,” researchers cannot begin to uncover specifics about this brand-cued advertising awareness. The bottom line is that if you want to use ad awareness as a measure to help determine what is and- is not working in an ad, you have to ask people to describe the ad.

#### Recall Tests

The supplier most commonly associated with day-after recall (DAR) tests is Burke Marketing Services. Gallup and Robinson’s In-View Service is another recall test designed to show which ads best capture and hold attention. In a traditional recall test, a finished commercial is run on network television within a regular prime-time program. The next evening, interviewers in three or four cities make thousands of random phone calls until they have contacted about 200 people who were watching the program at the exact time the commercial appeared. **The interviewer then asks a series of questions:**

- Do you remember seeing a commercial for any charcoal briquettes?
- (If no) Do you remember seeing a commercial for Kingsford charcoal briquettes? (Memory prompt)
- (If yes to either of the above) What did the commercial say about the product? What did the commercial, show? What did the commercial look like? What ideas were brought out?

The first type of questions is called **unaided recall** because the particular brand is not mentioned. The second question is an example of **aided recall**, in which the specific brand name is mentioned. The answers to the third set of questions are written down verbatim. The test requires that the respondent link a specific brand name, or at least a specific product category, to a specific commercial. If the commercial fails to establish a tight connection between the brand name and the selling message, the commercial will not get a high recall score.

Researchers analyze recall test results by examining the verbatim responses (what was said word-for-word) to determine how many viewers remembered something specific about

The ad. If an answer indicates that the viewer was merely guessing, or remembering other advertising, that viewer is not counted toward the recall score.

Researchers also use recall tests to evaluate magazine advertisements. Respondents who have read the magazine go through a deck of cards containing brand names. If the respondent says, “Yes, I remember having seen an advertisement for that

brand,” the interviewer asks the interviewee to describe everything he or she can remember about the ad. As in a television recall test, answers are taken down verbatim and studied later to determine how many respondents remembered the specific advertisement.

Because recall tests are widely used, research companies that conduct them have accumulated **norms-records** of results that serve the same purpose as batting averages. Norms allow the advertiser to tell whether a particular advertisement is above or below the average for the brand or its product category. Without norms the advertiser would not know whether a score of 23, for example, is good or bad. Like students, commercials are graded with reference to others in the category being tested.

Recall tests have reliability, but may not have validity. In this context, reliability means that the commercial gets essentially the same score every time it is tested. Reliability is important because, like all test scores recall test scores incorporate a certain amount of random measurement error. Validity is the ability of a test to measure what it is intended to measure. When an advertiser uses a recall test, the advertiser is assuming that the recall score is a valid indication of the advertisement’s sales’ effectiveness. However, many researchers and most of advertising’s creative leaders believe that this assumption is wrong because the relationship between recall scores and sales effectiveness is still unproven.

Recall tests are expensive. On average, television recall tests cost \$9,000 to \$17,000 per commercial; print recall tests cost \$7,000 to \$13,000 per ad. These costs limit the number of advertisements that an advertiser can afford to test.

If recall tests are costly and if their validity is unknown, why do so many advertisers use them?

One reason is that recall is a fairly reliable measure of something and many advertisers believe-despite evidence to the contrary-that recall must be related to effectiveness. It just seems logical that a well-remembered advertisement will, on average, be more effective than an advertisement that leaves no impression in the viewer’s mind.

#### Recognition Tests

Another way to measure memory is to show the advertisement to people and ask them whether they remember having seen it before. This kind of test is generally called a recognition test. Researchers first used recognition tests to evaluate print advertising. One of the earliest recognition tests is named after its inventor, Daniel Starch.

#### Persuasion Tests

The basic format for a persuasion test, or attitude change test, is this: Consumers are first asked how likely they are to buy a specific brand. They are exposed to an advertisement for that brand. After exposure, they are again asked about what they intend to purchase. Results are analyzed to determine whether intention to buy has increased as a result of exposure to the advertisement.

#### Types of Persuasion Tests: Theater

Research companies that conduct persuasion tests often invite consumers to a theater to see a “preview of a new television show.” They use this pretense because they do not want

respondents to pay undue-attention to advertising before coming to the testing session and they want to minimize artificial attention to the commercials once the testing session has begun.

Before the audience members see the program, they fill out a questionnaire that asks about their preferences for various brands. They then watch a television program, complete -with commercials, after which they answer questions about their reactions to the entertainment. Then they respond to the brand preference questions again.

Like recall tests, persuasion tests come in several different versions. In one variation, respondents are telephoned at home and asked to watch a program at a certain time. During the course of the recruitment interview they are asked about their brand preferences. After the program has been telecast, they are reconnected and asked about their brand preferences once more.

Another method exposes respondents to commercials only, without program material. The procedure is basically the same in all such variations: pretest-exposure-retest, with a comparison of purchasing intentions before and after exposure to the advertisement.

#### Assessing Persuasion Tests

Like most testing techniques, persuasion tests suffer from several problems. In particular, there are problems with audience composition, the environment, brand familiarity, and cost.

The validity of a persuasion test depends in part on whether participants in the experiment represent a good sample of the prospects the advertiser is trying to reach. A dog food advertiser, for example, would not be interested in responses from people who do not own dogs. Unless the audience has been specially recruited to contain only dog owners, many of the responses in a typical persuasion test audience will come from people who are not really interested in the product.

Because respondents are in a strange environment and because they may feel that they themselves are being tested, they are likely to be more alert, attentive, and critical than they would be at home. The characteristics of the theater environment may produce artificially high levels of attention and may exaggerate rational rather than emotional responses.

When the advertisement being tested is for a well-known brand, the amount of change that one exposure to one commercial creates is almost always very small. Small changes tend to be unreliable. The advertiser cannot tell whether small differences are real or due to some random combination of factors that accidentally affected the results.

The small size and consequent unreliability of persuasion test scores for well-known brands is an important limitation. Advertisers of well-known brands are heavy users of persuasion testing, yet the better known the brand, the less dependable the results.

#### Cost of Persuasion Tests

Persuasion tests are unusually expensive. A typical persuasion test costs between \$11,000 and \$15,000, and if the researcher must make special efforts to recruit a hard-to-find sample, the

cost can go much higher. One justification for this large expenditure is that persuasion test suppliers typically provide recall scores and attitude scores, along with persuasion scores, when reporting their findings. Another justification is that persuasion is a key objective for many advertisers; so even a rough estimate of persuasive power is useful.

#### Direct-Response Counts

Some television commercials request direct response via a toll-free number. Some print ads request direct response via a toll-free number, a coupon, a Web site, or an offer embedded in the body copy. Responses to these requests provide direct measures of effectiveness. Instead of depending on memory or persuasion or some other indirect and possibly misleading indication of effectiveness, the advertiser simply counts the number of viewers or readers who request more information or buy the product.

**Direct-response counts** are sometimes called **inquiry tests**.

This name is not quite accurate, however, because increasingly the counts are of actual sales rather than inquiries. Compared with recall tests and persuasion tests, few reliability or validity problems plague this type of evaluative research, as illustrated by Church & Dwight's APEX tool.

#### Communication Tests

Advertisers sometimes use communication tests for final evaluation as well as for diagnostic research. Advertisers who are not convinced that recognition, recall, and persuasion are adequate measures of an ad's effectiveness, and who can't rely on direct-response counts, may settle for answers to the three basic communication questions: Did the ad deliver the message it was intended to deliver? Did the ad deliver any messages it was not intended to deliver? How did the representatives of the target audience react to the message, the characters, the situation, and the tone?

Although the answers to these questions are a far cry from definitive measures of sales effectiveness, they are important. Because these answers are important and because communication tests are inexpensive, some major advertisers believe that communication tests are about the best evaluation tests they can use.

#### APEX May be Answer

Most companies feel it is impossible to calculate the return on investment of their advertising expenditures. Doug Merrill, director of sales and marketing for agricultural products for Church & Dwight, wanted to know whether his firm's magazine ads were working as well as they should. The Princeton, New Jersey-based company, best known as the manufacturer of Arm & Hammer baking soda, turned to its long-time ad agency, Bader Rutter in Brookfield, Wisconsin, for an answer.

Using an approach called APEX (Ad Performance Examination), a quantitative analysis that builds on the findings of readership surveys, the agency was able to determine how well Church & Dwight's campaign for Arm & Hammer Animal Feed Grade Sodium Bicarbonate was performing. The campaign, a two-page ad spread, ran monthly in four trade publications. APEX determined that instead of having to create a new campaign to spark readers' interest, the current



market-ing message could be sustained by following up the expensive two-page spread with a more economical one-page ad.

This bit of fine-tuning saved Church & Dwight 40 percent in ad costs plus the production costs saved by not having to create a new campaign. Its current ad campaign's impact and effectiveness were undiminished. "[APEX] gives us get cost/benefit measurement," Merrill says.

How does APEX work? The procedure uses readership survey results on recall and informativeness as a basis for measurements. The researcher determines an average performance score for an ad in a particular magazine, then compares individual ads to that average and plots the scores a performance quadrant graph. The results have proven beneficial in evaluating ads in a number of ways, including measuring effectiveness within a particular publication, comparing performance from one publication to another, weighing performance relative to competitors, and tracking performance over time.

#### Frame-by-Frame Tests

While a television commercial unfolds, viewers' responses to the commercial change as they view each part of it. Researchers have tried to track those changes in several different ways. In one form of frame-by-frame test, viewers turn a dial or press numbers on an electronic keypad to indicate their moment-to-moment reactions to what they are seeing on the screen. That procedure produces a trace—a continuous record of ups and downs. When the trace is correlated with the commercial frame by frame, it provides a record of which parts of the commercial increased attention (or liking or whatever is being measured) and which parts reduced it.

One of the best-known frame-by-frame tests is VIEWFACTS' PEAC test, in which people in a mini theater setting press buttons on handheld keypads to indicate how much they like or dislike what they are seeing on a television screen. The test commercial is embedded in a series of commercials and respondents indicate their reactions to each one. As the test participants are reacting, a computer collects and averages the responses and translates them into a continuous trace line keyed to the commercial's scenes.

In another form of frame-by-frame test, viewers wear tiny electrodes that measure the electrical conductivity of the skin. As various parts of the commercial provoke an emotional reaction, electrical conductivity changes, producing an "emotional response" trace line. Unlike the PEAC test, which produces a voluntary measure of liking, electrical conductivity tests measure involuntary, emotional reactions. Although this method is still in the early stages of development, it is promising. It combines the advantage of frame-by-frame analysis with the advantages of involuntary emotional response.

Frame-by-frame tests bring something to advertising research that other methods do not. They provide an opportunity to look inside a commercial, and they offer clues as to what scenes produce a certain kind of response. Because that is such a valuable advantage, the PEAC test and its direct competitors are becoming more widely used.

#### In-Market Tests

Tests that evaluate advertisements by measuring their influence on sales are known as in-market tests. In view of the various research challenges, a sales impact measurement might appear to be the only measurement an advertiser should accept. However, the practical difficulties of conducting in-market tests are so great that advertisers seldom use full scale in-market tests to evaluate individual ads.

One problem is that sales are produced by a tightly interwoven net of factors, including economic conditions, competitive strategies, and the effectiveness of marketing activities, including advertising. Within that complicated set of interrelationships, the effect of any single advertisement is extremely difficult to detect. Even with the benefit of a carefully designed, large-scale (and therefore costly and time-consuming) experiment, the effect of a single advertisement may be impossible to determine.

Another reason that in-market tests are not popular is that by the time sales figures become available, most of the important investments have been made: The advertiser has usually paid final production and media costs. For purposes of evaluating an advertisement, in-market test results become available very late in the game.

#### Substitutes for In-Market Tests

Some of the problems of in-market tests can be avoided by using simulated test markets. In a simulated test market the research company exposes respondents to advertising and then asks them to choose among competing brands. Later the researchers contact respondents who have used the advertiser's brand to ask whether they would purchase the same brand again. The two numbers produced by that pair of interviews are trial (the proportion of test participants who chose to try the brand after seeing an advertisement for it), and repeat (the proportion of participants who, having tried the product, chose to purchase the same brand again).

Single-source data tests are another major substitute for a full in-market test. The research company conducting the test arranges to control the television signal received by the households in a community. The company divides the households into equivalent matched groups. It then sends advertisements to one group of households but not to the other and collects exact records of what every household purchases. Because advertising is the only manipulated variable, the method permits an unambiguous reading of cause and effect. The data collected in this way are known as single-source data because exposure records and purchasing records come from the same source.

Single-source data can produce exceptionally dependable results. Real advertisements are received under natural conditions in the home and the resulting purchases are actual purchases made by consumers. The method is very expensive, however: \$200,000 to 5300,000 per test. Furthermore, the method usually requires more than 6 months to produce usable results because of the time and expense, single-source data tests are not acceptable for routine testing of individual ads.

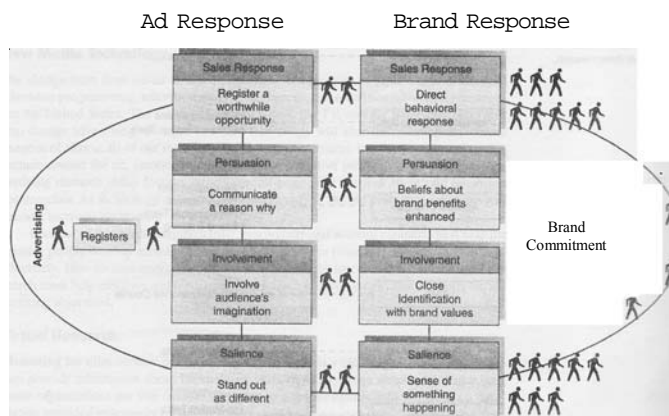
## Brand Tracking

Brand tracking is a new kind of advertising research. Mike Hall, CEO of Hall & Partners, has pioneered a type of brand tracking high Weighted in Figure in Hall & partners' brand tracking framework. The underlying assumption of this type of research is that with fragmented media and an abundance of high-quality products, tracking the brand is more important than tracking the ad. The relationship with the customer is built in large part on the brand's values rather than the product's attributes to. Instead of arguing that a product works better, advertisers should involve consumers by showing them that their brand means more. The thinking is that advertising and other marketing communications should involve customers in the brand's values so they're more favorably disposed toward it.

**How is brand tracking done? Hall & Partners created the concept of "brand commitment."** Basically, it's a spectrum, running from rejection of the brand through various levels of consideration to commitment. The precise criteria vary by market, but the general spectrum applies for every single brand in every single market, fragmented or not. In addition, this measure is considered in the context of the advertiser's purpose. **The Hall & Partners framework has four purpose categories: sales response, persuasion, involvement, and salience.**

Although brand tracking is an excellent method for assessing whether the advertiser is meeting its goals, it is a costly, complex process. Some practitioners also fear that it diminishes the importance of advertising by focusing on consumers' response to the brand, not ads.

Hall & Partners' Brand Tracking Framework



## Implications of Evaluative Research

All the surrogate tests of effectiveness we explored in this section have their strengths and weaknesses, as we see in **Table Strengths and Weaknesses of Evaluative Measures** none are totally accurate, and none can take into account the irrational behaviour and responses of the consumer. Some companies, such as the one described in the **"Matter of Effectiveness"** feature, are constantly striving to improve their research. The future of advertising is very much tied to how well it achieves its goals. One wonders whether these surrogate measures accurately link the advertiser's goals to ad effectiveness. Figure Surrogate Measures of Advertising effective shows how users link evaluative research advertising goals.

Ultimately, advertising must address three issues:

- What is the proper research process in advertising?
- What can we realistically expect from ad agencies?
- Can we improve surrogate measures of effectiveness?

## Strengths and Weaknesses of Evaluative Measures

Evaluative Measure	Strengths	Weaknesses
Memory tests	Well-established norms that provide high reliability	Low validity as an indicator of sales
Recall tests	Speed, low cost, and high reliability	Low validity as an indicator of sales
Recognition tests	Speed, low cost, and moderate reliability	Problems related to audience composition, the environment, brand familiarity, and cost
Persuasion tests	Few reliability or validity problems	High cost
Direct-response tests	Low cost and high validity	Reliability problems
Communication tests	High validity	Low reliability, high cost
Frame-by-frame tests	Relevant results that link to advertiser's purposes; Brand is a better representation of product than advertising	Low validity
In-market tests		High cost, complex process, diminishes the importance of ad
Brand tracking		

## Surrogate Measures of advertising Effectiveness

Advertising Objective	Surrogate Measure
Recognition / Recall	➤ Memory Tests
Information/Knowledge	➤ Frame-by-Frame ➤ Communication Tests
Attitude Change	➤ Persuasion Test ➤ Focus Groups ➤ Physiological Tests ➤ Brand Tracking
Trial	➤ Direct-Response Counts
Purchase	➤ In-Market Tests
Commitment	➤ In-Market Tests ➤ Brand Tracking

## Research Challenges

Three key challenges face account planners and researchers: globalization, new media technology, and virtual research. We examine each briefly in the following sections.

### Globalization

Advertisers are becoming increasingly more global. Multinational advertisers and their marketing communication agencies are expanding all over the world. Expansion into western Europe, South America, and much "Of the Pacific Rim is virtually complete. In-depth understanding of the economic and cultural conditions, government regulations, and communication media of each country is more important than ever before. Developing research methods aimed at solving global problems would establish a new and important advertising research tradition.



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