

ADVERTISING
For
B.Com. (General & Computer Applications)
IV Semester



University Arts & Science College
Kakatiya University, Warangal

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Advertising

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UNIT- I: INTRODUCTION TO ADVERTISING:

Advertising – Definition – Significance – Classification of advertisements – Functions of Advertising – Objectives – Media Planning, Media Selection: Media planning Process-Selection of Media – Factors influencing the Choice of Media- Benefits of Advertising.

UNIT- II: ADVERTISING & SALES PROMOTION:

Sales Promotion – Definition – Types – Features – Increasing importance – Reasons – Role of Media in Advertising –Types of Media: Print Media, Electronic Media -

Suggested Books:

1. Belch & Belch – Advertising & Promotion – Tata McGraw Hill.
2. Advertising – Sontakki – Himalaya Publishing House.
3. Advertising Planning and Implementation – Sharma and Singh – Prentice Hall
4. Advertising Management – Concepts and cases – Mahendra Mohan – Tata McGraw Hill.

Chunnawala, S.A., Compendium of Brand Management, Himalaya Publications House, 2004.

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UNIT- I: INTRODUCTION TO ADVERTISING:

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Introduction:

The word advertising comes from the Latin word "advertere meaning" to turn the minds of towards". Advertising is only one element of the promotion mix, but it is often considered prominent in the overall marketing mix design. Its high visibility and pervasiveness made it an important social and economic topic in Indian society. Promotion may be defined as "the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service." Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and co-ordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy.

The promotion mix consists of four basic elements. They are:-

- Advertising
- Personal Selling
- Sales Promotion, and
- Publicity

1. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.
2. Personal selling is the dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organization. The source of information is the sponsoring organization.
3. Sales promotion is the dissemination of information through a wide variety of activities other than personal selling, advertising and publicity which stimulate consumer purchasing and dealer effectiveness.
4. Publicity is the disseminating of information by personal or non-personal means and is not directly paid by the organization and the organization is not the source.

DEFINITION OF ADVERTISING

The word advertising originates from a Latin word advertise, which means to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly".

Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea.

The American Marketing Association, Chicago, has defined advertising as "any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor."

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What Advertisement Is?

Advertisement is a mass communicating of information intended to persuade buyers to buy products with a view to maximizing a company's profits.

The elements of advertising are:

- (i) It is a mass communication reaching a large group of consumers.
- (ii) It makes mass production possible.
- (iii) It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- (iv) It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- (v) Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- (vi) The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.
- (vii) Advertising is identified communication. The advertiser signs his name to his advertisement for the purpose of publicizing his identity.

Importance of Advertising

Advertising has become an essential marketing activity in the modern era of large scale production and serve competition in the market. It performs the following functions:

1. Promotion of Sales: It promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning new customers both in the national as wet as in the international markets.

2. Introduction of New Product: It helps the introduction of new products in the market. A business enterprise can introduce itself and its product to the public through advertising. A new enterprise can't make an impact on the prospective customers without the help of advertising. Advertising enables quick publicity in the market.

3. Creation of Good Public Image: It builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements in an effort to satisfy the customers' needs. This increases the goodwill and reputation of the firm which is necessary to fight against competition in the market.

4. Mass Production: Advertising facilitates large-scale production. Advertising encourages production of goods in large-scale because the business firm knows that it will be able to sell on large-scale with the help of advertising. Mass production reduces the cost of production per unit by the economical use of various factors of production.

5. Research: Advertising stimulates research and development activities. Advertising has become a competitive marketing activity. Every firm tries to differentiate its product from the substitutes available in the market through advertising. This compels every business firm to do more and more research to find new products and their new uses. If a firm does not engage in research and development activities, it will be out of the market in the near future.

6. Education of People: Advertising educate the people about new products and their uses. Advertising message about the utility of a product enables the people to widen their knowledge. It

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is advertising which has helped people in adopting new ways of life and giving-up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

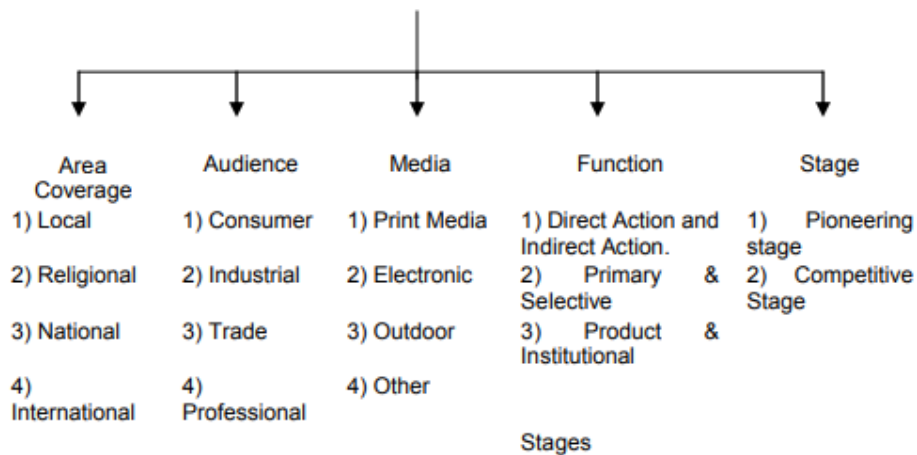
7. Support to Press: Advertising provides an important source of revenue to the publishers and magazines. It enables to increase the circulation of their publication by selling them at lower rates. People are also benefited because they get publications at cheaper rates. Advertising is also a source of revenue for TV network. For instance, Doordarshan and ZeeTV insert ads before, in between and after various programmes and earn millions of rupees through ads. Such income could be used for increasing the quality of programmes and extending coverage.

CLASSIFICATION OF ADVERTISING

Management scientists have classified advertising on different such criteria as follows:

Chart :

Classification of Advertising on the various basis



Area Coverage	Audience	Media	Functions	Ad. Stages
- Local-	Consumer-	Press-	Direct & Indirect	- Pioneering
- Regional	- Industrial	- Broadcasting	-Action-	Competitive
- National	- Trade	- Outdoor	-Primary & Selective	
	- Retentive			
- International	- Professional-	Others		- Product & PRA

I) Classification on The Basis of Area Coverage :

On this basis advertising may be classified into the following four categories, viz., (1) local, (2) regional, (3) national, (4) international advertising.

1. Local Advertising : It is also known as „retail advertising“. It is undertaken by local retail stores, departmental stores, co-operative stores, selling cloth, saris and other consumer goods and consumer durables. It is directed at local customers. Media, used for local advertising, are shop decorations, local newspapers, magazines, posters, pamphlets, hoarding, new signs, local cinema houses, etc.

2. Regional Advertising : It has wider coverage, as compared to local advertising. It covers a particular region, which may be one state, or, more than one state, the people of which may be having a common tongue, or, using one common product. It is undertaken by manufacture, or,

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regional distributor of a product. Media, used for regional advertising, include regional newspapers, magazines, radio, regional T.V., outdoor media, etc. It is considered to be an ideal form of advertising for launching and marketing a new product in a specific region.

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

4. International Advertising : This type of advertising is undertaken by those companies, which operate in more than one country, known as „multi-national“ companies. Exporters, generally advertise their products and services in foreign countries, where ready markets are available. Air India and other airlines, and multinational companies advertise their products and services allover the world. Coca-Cola and Pepsi are advertised globally, as the sales are almost all over the world. International advertising is extremely expensive, involving the services of professional advertising agencies in different countries.

II. Classification on The Basis of Audience

On this basis, advertising may be classified into the following four categories, viz., (1) consumer advertising, (2) industrial advertising, (3) trade advertising, and (4) professional advertising.

1. Consumer Advertising : This type of advertising is directed to the ultimate consumers of the consumer products, i.e., the individuals, who buy, or, use the consumer products, or services, say, for example, toilet soap, toothpaste, toothbrush, tea, textiles, etc., for themselves and for their families. All types of consumer products need continuous and extensive advertising on T.V., radio, and press.

2. Industrial Advertising : This type of advertising is used by manufacturers and distributors of industrial goods. Such as, machinery, plants, equipments, spare parts and components, and are directed at industrial users or customers. Such advertisements usually appear in trade journals, trade dictionaries, business magazines and so on. The appeal made is tactual and rational.

3. Trade Advertising : This kind of advertising is employed by manufactures and/or distributors to influence and persuade wholesalers and dealers (retailers) to stock and sell the goods of the advertiser by offering incentive schemes to them, or, by inviting dealership for their particular products(s).

4. Professional Advertising : It is directed at professional like doctors, professors, engineers and others, who are expected to recommend, prescribe, or, specify the advertised products to ultimate consumers. This is done through professional journals and representative of the advertisers.

III. Classification on The Basis of Media

On the basis, advertising may be-classified into the following four categories viz., (1) Print media advertising; (2) electronic, or, broadcast media advertising; (3) outdoor media advertising.

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1. **Print Media Advertising** : The print media consists of newspapers, magazines, journals, handbills, etc. No newspaper or, journal, today, can survive without advertising revenue. Print media advertising, even today, is the most popular form; and revenue derived by mass media from advertising has, therefore, been progressively increasing year after year. Print media appeals only to the sense of sight, i.e. eyes.

2. **Electronic or Broadcast Media Advertising** : Electronic, or, broadcast media consists of (i) radio, (ii) television, (iii) motion pictures, (iv) video, and (v) the internet. The radio is audio in nature, appealing only to the sense of sound (ears). Radio advertising is more effective in rural areas, as compared to urban regions. Television, as an advertising medium, is more attractive and effective because it is an audio-visual medium appealing to both the senses of sight sound (eyes and ears). Different methods, such as, spot announcements, sponsored programmes, etc., are used for broadcasting advertising messages. However, broadcasting media are very expensive form of advertising. Advertising is also undertaken through movies, video, and the internet.

3) **Outdoor Media** : This include posters, neon signs, transit, point of purchase (POP), etc. Outdoor advertising can be a good supporting media to other forms of advertising. It is a good form of reminder advertising, especially, the POP advertising.

4) **Other Media** : This includes direct mail, handbills, calendars, diaries, cinema advertising, internet and so on. These miscellaneous media can play an important supporting role to the major media such as television, and newspapers.

IV. Classification on The Basis of Function:

1. **Direct Action and Indirect Action Advertising** : Direct action advertising is undertaken to obtain immediate response or action on the part of target audience. Examples include discount sales advertising, sale along with free gift offers, and mail-order coupon sales, etc. The media used is mostly newspapers, and television. Indirect action advertising is undertaken to influence the audience in respect of advertiser"s brand. The advertiser expects the target audience to prefer his brand as compared to competitors whenever a buying decision arises in future.

2. **Primary and Selective Advertising** : Primary Advertising is undertaken by trade association or by cooperative groups. It is undertaken to create generic demand for products and services. For example, the Coffee Board may advertise to consume more coffee. Selective Advertising is undertaken by marketers of branded products. The advertiser intends to create selective demand for his brand. Examples include Pepsi Cola, Coca Cola.

3. **Product and Institutional Advertising** : Product or Service advertising is undertaken to promote the sale of products and services-branded or unbranded. Institutional advertising is undertaken to build name and goodwill of the organisation. It is also, know as corporate advertising or image advertising. It is mostly undertaken by large firms.

V. Classification on The Basis of Advertising Stages

On this basis, advertising may be classified into the following three different categories, viz., (1) advertising at pioneering stage, (2) advertising at competitive stage, and (3) advertising at retentive stage.

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1. Advertising at Pioneering Stage: Advertising at “pioneering stage” is undertaken to make the audience fully aware of the new brand of product and to inform, influence, and persuade them to buy, or, use it by highlighting its unique features.
2. Advertising at Competitive Stages: Once the brand survives the introductory stage, it has, soon to face a stiff competition with other well established brands in the market. At this stage, competitive advertising is undertaken to promote sales effectively.
3. Advertising at Retentive Stage or Reminder Advertising: When the product has captured a large share of the market, “retentive advertising” is undertaken to maintain, or retain the stable position in the market as long as possible. Moreover, if the same product is passing through the declining stage in the market, this type of advertising is used to remind the buyers about the product hence, it is also known as “reminder advertising”.

Functions of Advertising:

Advertising has become an essential marketing activity in the modern era of large-scale production and severe competition in the market.

It performs the following functions:

(i) Promotion of Sales:

Advertising promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning customers and generating revenues.

(ii) Introduction of New Products:

Advertising helps in the introduction of new products in the market. A business enterprise can introduce itself and its products to the public through advertising. Advertising enables quick publicity in the market.

(iii) Support to Production System:

Advertising facilitates large-scale production. The business firm knows that it will be able to sell on a large-scale with the help of advertising. Mass production will reduce the cost of production per unit by making possible the economical use of various factors of production.

(iv) Increasing Standard of Living:

Advertising educates the people about the products and their uses. It is advertising which has helped people in adopting new ways of life and giving up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

(v) Public Image:

Advertising builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements and its efforts to satisfy the customers’ needs to the public. This increases the goodwill and reputation of the firm.

(vi) Support to Media:

Advertising sustains press. Advertising provides an important source of revenue to the publishers of newspapers and magazines and the producers of T.V. programmes.

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Objectives of Advertising:

The following are the objectives of Advertising:

1. To introduce a new product by creating interest for it among the prospective customers.
2. To support personal selling programme. Advertising may be used to open customers' doors for salesmen.
3. To reach people inaccessible to salesmen.
4. To enter a new market or attract a new group of customers.
5. To fight competition in the market and to increase the sales.
6. To enhance the goodwill of the enterprise by promising better quality products and services.

Media Planning:

Media planning is an exercise to find the best medium or combination of media that will produce the best overall effect relative to the needs of the advertised brand. Media planning in general should involve optimum benefits in the long run. The media mix, in terms of balance of usage for TV, radio and print media or other types of media vehicles, should be such that the best utility of the advertising budget is obtained, and duplication of audience is avoided as far as possible.

There is no single best media strategy that is applicable in varied situations or sometimes even in similar situations. Media strategies also differ because of changing situations. For example, the state of the economy changes just as consumers' tastes change. Advertisements for luxurious cars would therefore not be effective during times of economic depression. Similarly, advertisements about blue jeans, when jeans are not in fashion, would not have much impact. To select the right media and to search the right target audience for a desired response the advertiser or his advertising agency should go for a systematic media planning.

STEPS IN MEDIA PLANNING

The following are the steps in media planning:

- 1. Decide Target Market:** It is necessary to decide specific market where planned efforts can be directed.
- 2. Media Objectives:** Media objectives are often stated in term of reach, frequency, gross rating points and continuity.
 - (a) Reach : It refers to the number of different persons or household exposed to a particular media schedule at least once during a specific time period.
 - (b) Frequency : It refers to the number of times within the specified time period that an average person or household is exposed to message.
 - (c) Gross Ratings Points : It refers to the total weight of a media effort in quantitative terms. GRP"s are equal to each multiplied by average frequencies. E.g. 80% of the homes watch Chitrahara and they are exposed on average 2.5 times within the 4 week period. The total impact or GRP"s = $80 \times 2.5 = 200$.
 - (d) Continuity : It refers to the timing of the media insertions.

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3. Selection of Media Types : Every media plan requires that specific media types to be selected. There are a number of advertising media available to the advertiser for advertising the goods etc. These may be grouped under the following heads:

1. Press Advertising Media - (a) Newspapers and (b) Magazines and Journals.
2. Outdoor or Mural Advertising Media - (i) Posters, (ii) Advertising Boards, (iii) Sandwich Boards, (iv) Electric Display, (v) Vehicular, (vi) Sticker, and (vii) Sky Writing.

3. Direct Mail Advertising Media - (i) Circulars, (ii) Price-lists, (iii) Booklets, (iv) Leaflets, and Folders, (v) Business Reply Envelops and Cards, (vi) Gift Novelties, and (vii) Personal Letters.

4. Broadcast Advertising Media - (a) Radio, (b) Television

5. Promotional Advertising Media - (i) Window Display, (ii) ShowRoom, (iii) Exhibitions and Fairs, (iv) Interior Display, (v) Trade Shows, (vi) Samples, Coupons and Premiums etc. 6

. Miscellaneous Advertising Media - (a) Cinema and Cinema Slides, (b) Speciality Advertising, (c) Purchase Point Advertising, and (d) Video Advertising etc.

4. Selecting Specific Media Vehicle: Once a decision is made on media types, specific media vehicles within each medium must be chosen.

Media Mix: Once the media selection is decided upon, the next step is to determine the mix of the media one must use. This will be arrived at by considering the advertising company's marketing objectives, its target market, media characteristics, and its matching with the target market. The overall advertising budget also influences the nature of such mix, in addition to the available audience. For example, to achieve certain advertising objectives, one may require to use a mix of 50% newspaper, 25% magazine and the rest 25% television. However, more than one mix may fulfill the advertising objectives, and yet be within the overall budget cost. But one should aim at balanced mix.

Some advertisers prefer to concentrate on one media type mix whereas others like to have a widely varied mix. While the former offers the advertiser an opportunity to make a great impact on a specific market segment, the latter, being an assortment of media, can deliver different messages about the same product in different market segments more effectively.

Media Buying: The specialist who is the counter part of the media sales representative is the media buyer. Most of these specialists work for advertising agencies, although some are retained by advertisers and some work for firms of media specialists who offer media buying services to both advertising agencies and advertisers. Media buying service is likely to be more personal and direct.

The media buying specialist helps to decide what media should be used for a product, purchases the media, and controls and evaluates the performance of the media purchased.

There is growth of Media Buying Units (MBUs) throughout the world. Advertising Agencies merge and form a group and then set up an independent MBU to buy advertising space. The MBU benefits not only the advertising agencies, and the advertisers because of cost-effective rates, but also the media sellers. The media sellers can negotiate for rates, with one media buying unit on behalf of a group of ad agencies.

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5. Allocation of Funds: The planner should then decide on the amount of funds that would be allocated to each media type and vehicle.

6. Media Scheduling: Media scheduling could be used depending upon the requirements of the advertisers.

Factors influencing the Choice of Media:

With a thorough study of each medium and vehicle, we are now poised for making vital decision on the choice of an advertising media and media vehicle. In fact, medium or media selection is unique decision to be made by every advertiser.

Actual selection of the best medium or media for particular advertiser will depend on variables like specific situation or circumstances under which he is carrying on his business, the market conditions, the marketing programme and the peculiarities of each medium of advertising. Strictly speaking, there is no one best medium/media for all similar units. What is "best" is decided by unique individual circumstances. However, in general, the following factors govern the choice of an advertising media.

Factors Governing the Choice:

1. The nature of product:

A product that is needed by all will encourage mass media like print, broadcast, telecast, outdoor and the like. A product needing demonstration warrants television and screen advertising. Industrial products find favour of print media than broadcast media. Products like cigarettes, wines and alcohols are never advertised on radio, television and screen.

2. Potential market:

The aim of every advertising effort is to carry on the ad message to the prospects economically and effectively. This crucial task rests in identification of potential market for the product in terms of the number of customers, geographic spread, income pattern, age group, tastes, likes and dislikes and the like.

If the message is to reach the people with high income group, magazine is the best. If local area is to be covered, newspaper and outdoor advertising are of much help. If illiterate folk is to be approached, radio, television and cinema advertising are preferred.

3. The type of distribution strategy:

The advertising coverage and the distribution system that the company has developed have direct correlation. Thus, there is no point in advertising a product if it is not available in these outlets where he normally buys. Similarly, the advertiser need not use national media if not supported by nationwide distribution network.

4. The advertising objectives:

Though the major objective of every company is to influence the consumer behaviour favourably, the specific objectives may be to have local or regional or national coverage to popularize a product or a service or the company to create primary or secondary demand to achieve immediate or delayed action to maintain the secrets of the house.

If it wants immediate action, direct or specialty advertising fitting most. If national coverage is needed, use television and news-paper with nationwide coverage.

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5. The type of selling message:

It is more of the advertising requirements that decide the appropriate choice. The advertisers may be interested in appealing the prospects by colour advertisements. In that case, magazine, film, television, bill-boards, bulletin boards serve the purpose.

If the timeliness is the greater concern, one should go in for news-paper, radio, posters. If demonstration is needed there is nothing like television and screen media. If new product is to be introduced, promotional advertising is most welcome.

6. The budget available:

A manufacturer may have a very colourful and bold plan of advertising. He may be dreaming of advertising on a national television network and films. If budget does not allow, then he is to be happy with a low budget media like his news-paper and outdoor advertising.

Instead of colour print in magazine, he may be forced to go in for black and white. Thus, it is the resource constraints that decide the choice.

7. Competitive advertising:

A shrewd advertiser is one who studies carefully the moves of his competitor or competitors as to the media selected and the pattern of expenditure portrayed. Meticulous evaluation of media strategy and advertising budget paves way for better choice.

It is because, whenever a rival spends heavily on a particular medium or media and has been successful, it is the outcome of his experience and tactics. However, blind copying should be misleading and disastrous.

8. Media availability:

The problem of media availability is of much relevance because; all the required media may not be available at the opportune time. This is particularly true in case of media like radio and television; so is the case with screen medium. Thus, non-availability of a medium or a media poses a new challenge to the media planners and the people advertising industry. It is basically an external limit than the internal constraint.

9. Characteristics of media:

Media characteristics differ widely and these differences have deep bearing on the choice of media vehicle.

These characteristics are:

Coverage, Reach, Cost, Consumer confidence and Frequency.

‘Coverage’ refers to the circulation or the speed of the message provided by the media vehicle. Larger the coverage, greater the chances of message exposure to the audiences. Advertisers prefer the media vehicles with largest coverage for the amount spent.

The vehicles like radio, television, news-papers, magazines and cinema are of this kind; on the other hand, direct advertising and outdoor advertising are known for local coverage. ‘Reach’ is the vehicle’s access to different individuals or homes over a given period of time.

It refers to readership, listenership and viewership. It is the actual number reading than the persons buying or owning these.

For instance, one need not own a television set to have advertising message so also a news-paper and a magazine. ‘Relative cost’ refers to the amount of money spent on using a particular vehicle. It is one that involves inter vehicle and medium cost analysis and comparison.

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This cost is expressed with reference to the time and the space bought, in case of newspapers, it is milline rate; in case of magazine, it is rate per thousand readers; in case of radio and television, it is per thousand listeners or viewers per minute and ten seconds. 'Consumer confidence' refers to the confidence placed in the medium by the consumers.

This consumer credibility of a vehicle is important because, credibility of advertising message is depending on it. Speaking from this point of view, news-papers and magazines enjoy high degree of credibility than radio and television commercials.

Outdoor medium is considered the least credible. 'Frequency' refers to the number of times an audience is reached in a given period of time.

Limited frequency makes little or no impression on the target audience. Thus, news-papers, television, radio and outdoor media are known for highest frequency while, magazine, screen, display and direct advertising the lowest.

In a nut-shell, the advertiser, to get the best results for the money spent and the efforts put in, should consider all the above nine factors that govern selection of a medium or media and media vehicle. Media selection is a matter of juggling, adjusting, tailoring, filling, revising and reworking to match to his individual situation.

Benefits/Advantages of Advertising:

The advantages of advertising are to be analyzed in terms of its advantages which are as follows:

(i) From Viewpoint of Manufacturers:

A well-advertised product is easier to be sold by the salesman in the market. If a brand is popular and well-known, people respond favourably to the salesman's efforts. It provides a support to salesmanship, as the audience understands the product and its uses more clearly through the advertisement and the salesman's effort is reduced to convince the buyers.

(a) Increase in Sales:

The main object of the manufacturer in advertising his products is to promote the sale of his products. Goods produced on a mass scale are marketed by the method of mass persuasion through advertising.

Repetition of advertisements, the manufacturers are not only able to retain existing markets but are also able to expand the markets both by attracting more people to their products and also by suggesting new uses for them. Advertising is a helping hand to selling.

(b) Supplementing Salesmanship:

It creates a ground for the efforts of the salesmen. When a salesman meets its prospect, they have just to canvass for a product with which the consumer may already have been familiarised, through advertisements. Therefore, the salesman's efforts are supplemented and his task is made easier by advertising.

(c) Lower Costs:

Sales turnover and encourage mass production of goods are enhanced by advertising that results in large scale production, average cost of production reduces and results in higher profits. At the same time, when the cost of advertising and selling costs gets distributed over a larger volume of sales, the average cost of selling also lowers down.

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(d) Greater Dealer Interest:

Advertising creates demand by which every retailer gets an opportunity to share with others. Hence, the retailers who deal in advertised goods are materially assisted by advertising in the performance of their functions. The retailers have not to bother much about pushing-up the sale of such products. Therefore, they evidence more interest in advertised products.

(e) Quick Turnover and Smaller Inventories:

A highly responsive market is created by well-organised advertisement campaign thereby facilitating quick turnover of the goods. Resulting, in lower inventories in relation to sales and being carried-on by the manufacturers.

(f) Steady Demand:

Seasonal fluctuations on demands for products are smoothened by advertising generally the manufacturers tries to discover and advertise new possible uses of which a seasonal product maybe put. The innovation of cold tea and cold coffee for the use during summer has helped in increasing the demand for these beverages even in that season. The same maybe said for refrigeration.

(ii) From Viewpoint of Consumers:

(a) Improvement in Quality:

Usually, goods are advertised under brand names. When a person is moved by the advertisement to use the product, they proceeds on the hope that the contents of the particular brand will be better than the other brands of the same goods.

When his experience confirms his expectation, a repeat order can be expected. Or else, the sales may rise very high once but may drop down very low subsequently when the consumer's confidence in the quality of the product fails.

(b) Facility of Purchasing:

Purchasing becomes easy for the consumers after advertising. Generally, the re-sale prices (prices at which the goods are to be sold by the retailers) are fixed and advertised. Thus, advertising offers a definite and positive assurance to the consumer that they will not be overcharged for the advertised product. The consumer can make his purchases with utmost ease and confidence.

(c) Consumer's Surplus:

The utility of given commodities is increased by advertising for many people. It points-out and pays even more for certain products which appear to have higher utility to them. If these products are available at the original lower prices, there will naturally be a certain amount of consumer's surplus in terms of increased satisfaction or pleasure derived from these products.

(d) Education of Consumers:

Being an educational and dynamic principle, the prime objective of advertising is to inform and educate the customers about new products, their features, prices and uses. It also convinces them to adopt new ways of life, giving up their old habits and inertia and have a better standard of living.

(iii) From the Viewpoint of Middleman:

(a) Retail Price Maintenance becomes Possible:

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The consumers are quite keen on getting quality products at stable prices over a period of time. Each consumer has his or her own family budget where he or she tries hard to match the expenditure to the disposable income for a socially acceptable decent living.

In case the prices go on changing abruptly, these individual budgets are likely to be distorted to such an extent that the consumers will have to think of substitutes for the products they are enjoying at present.

(b) Acts as a Salesman:

What a travelling salesman does for this organisation is done by the advertising at least cost. This is the reason that most of the retail organisations do not employ large army of travelling salesman, rather they are willing to spend on advertising which attracts consumers to the stores where the counter salesmen cater to their needs.

(c) Ensures Quick Sales:

Every retailer having the stock of different producers needs a quick turnover. By bringing the wide range of these products to the notice of the consumers, advertising boosts up of sales.

Faster sales imply the specific advantages such as reduced capital lock-up, reduction in losses of holding stock over longer period, increased profits even by reducing the profit margin per unit. Further, advertising gives much leeway and freedom to better serve the needs of the consumers.

(iv) From the Viewpoint of Society:

(a) Change in Motivation:

Radically advertising has changed the basis of human motivation. While people of earlier generations lived and worked mainly for bare necessities of life, the modern generation works harder to supply itself with the luxuries and semi-luxuries of life.

(b) Sustaining the Press:

For support and sustenance the newspapers, periodicals, journals, look for advertisers, press, look to advertisements. In the absence of income from advertising, the newspapers have to be produced at a higher cost and may not be able to keep themselves free from its competitors.

(c) Encouragement to Artists:

Designing artists, writers to do creative work. They earn their living from preparing advertisements.

(d) Encouragement to Research:

When manufacturers are assured of sufficient profits. They undertake research and discover new products or new uses for existing products. Advertising puts forward this assurance and thereby encouraging industrial research with all its advantages.

(e) Glimpse of National Life:

A glimpse of national life is provided by national life.

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UNIT- II: ADVERTISING & SALES PROMOTION:

Sales Promotion – Definition – Types – Features – Increasing importance – Reasons – Role of Media in Advertising –Types of Media: Print Media, Electronic Media

Concept of Sales Promotion:

The concept of sales promotion might be defined as follows:

Sales promotion might be defined as that philosophy of promotion of sales (other than personal selling and advertising) which is aimed at stimulating sales, through adopting techniques (or methods) of a special nature.

Analysis of the Above Definition:

The above definition of sales promotion could be analyzed in terms of the following points:

- (i) Sales promotion methods or techniques are special and novel devices invented by manufacturers for stimulating direct sales action.
- (ii) Sales promotion techniques, ordinarily do not find a permanent place, in the promotion- mix of a manufacturer. Depending on the needs of the situation, these techniques might be dropped out; or new techniques might be invented to replace some of the old techniques of sales promotion.

The Committee on Definitions of the American Marketing Association has defined “Sales Promotion” as follows:

“Sales promotion in a specific sense includes marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstrations and various non-recurring selling efforts not in the ordinary situation.”

Methods/Techniques of Sales Promotion:

Sales promotion methods could be divided into the following two categories:

- (a) Sales promotion devices for dealers
- (b) Sales promotion devices for consumers

Following is a brief account of the sales promotion devices comprised in each of the above two categories:

(a) Sales Promotion Devices for Dealers:

For promoting sales at the dealers’ level, the following techniques of sales promotion might be used:

(i) Dealers’ Aids:

This method of sales promotion involves supplying advertising material to dealers by manufacturers, like

1. Sign boards
2. Banners
3. Goods supplied for display

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(ii) Dealers' Contests:

Dealers' contests may be organized by a manufacturer, by promising additional incentives to dealers who are able to attain per-determined sales targets. Or prizes might be awarded by a manufacturer to dealers; who arrange for the most attractive display of his products.

Such contents infuse a sense of competition into dealers; each of whom would try to excel others with a view to availing of incentives or prizes announced by the manufacturer.

(b) Sales Promotion Devices for Consumers:

Some of prevalent sales promotion devices, directed at consumers are the following:

(i) Coupons:

A coupon is a certificate that entitles its holder to a specified discount, on the purchase of a specified product. As a method of sales promotion, coupons may be distributed among prospects through mail, newspapers, magazines or retailers.

The manufacturer reimburses dealers for the value of coupons redeemed by them; also paying some additional amount to them for the trouble of handling coupons and maintaining record about them.

(ii) Free Samples:

In case of some new product brought into the market for a first time, by a manufacturer; free samples of the same might be distributed, as a method of sales promotion. Examples of items for which free samples are usually distributed may be – soaps, cosmetics, toothpastes, perfumes, tea, coffee, shampoo pouches etc.

One may recall to memory the instance of free distribution of 'mini' – Dalda packs'; when Dalda vanaspati was manufactured, for the first time.

(iii) Reduction Sales:

A reduction sale, as a technique of sales promotion, implies an offer to sell a product at a substantial discount.

Reduction sales might be tried under the following two situations:

(a) Intense Competition:

When there is an intense competition in a particular product market; the manufacture may announce 'reduction sales' of his product at a heavy rate of discount.

(b) Off-Season Sales:

Some products might be offered for reduction sales, during off-seasons, e.g. sales of fans at reduced prices during winters or sale of woolen garments at heavy discount, during the peak summer season.

(iv) Money-Refund Offer:

Under this technique of sales promotion, a manufacturer makes a promise to refund the price of the product to the customer, if the latter feels dissatisfied with the product.

This technique of sales promotion reveals the good and genuine intentions of the manufacture; and may lead to generation of sizable sales.

(v) Trading Stamps:

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Trading stamps are issued to customers through dealers – as a certain percentage of the value of goods purchased by them e.g. 2½%. Customers go on collecting such stamps. An adequate amount of trading stamps collected could be exchanged for a product – original or specified – at ‘stamps redemption centres’.

(vi) Premium (or Bonus) Offer:

Premium or bonus offer as a technique of sales promotion implies an offer of some additional free item, along with the purchase of the main product e.g. a bucket offered with a 5 kg. Pack of a detergent powder or a ball-point pen offered with a book or a free transistor offered with a deck etc.

(vii) Prize Contests:

Prize contests, as techniques of sales promotion are quite popular now-a-days. Such contests may be organized through the radio or TV or newspapers etc. Participants in these contests might be required to answer a given question and the best answer being entitled to an award; or they might be asked to write a slogan for popularizing the product – the best selected slogan being awarded by the judges.

(viii) Exchange Offers:

Under the ‘exchange offer’ method, a manufacture may offer an entirely new piece of product of his manufacture in exchange for an old product of similar type of whatever make subject, of course, to some nominal extra payment, by the buyer. For example a TV manufacturer may make an offer to supply a new TV set of his company, in place of any old TV set of the prospect on the payment of some nominal additional amount.

Different Types of Sales Promotion

Sales Promotion is usually used to support advertising and to encourage new or existing customers to buy the product. Its main function is to boost sales in the short-term, but not in the long term. It is used to attract new customers so that they can try out items with the hope that they will like it and continue to buy it after the promotion has ended. Here are some ways in which promotion is used:

- 1. Price reductions:** Involves sales or price reduction coupons.
- 2. Gifts:** Gifts are placed in the packaging of the product to encourage consumers to buy it. (e.g. toys in McDonald's happy meal).
- 3. Competitions:** A card may be put in the packaging allowing the consumer to enter contests such as the lottery.
- 4. Point-of sale displays and demonstrations:** Can be put near the window and displayed attractively. It could also encourage people to buy it if they can see how it works (demonstrated by sales staff)
- 5. After sales service:** e.g. warranty services. It reassures the customers that if the product has a problem then they can go and fix it for free. This make the product more attractive than others without warranty.
- 6. Free samples:** Encourages people to try the product. It can be included in other products as well. E.g. washing machine comes with free washing powder.

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Features/Characteristics of Sales Promotion:

Some distinct characteristics of sales promotion can be identified in the above mentioned definitions:

1. Irregular and non-recurring activity – Sales promotion is an irregular and non-recurring effort to increase the sales. In other words, the routine activities of marketing efforts are not included in it. The technique is used on certain specific circumstances, such as decline in demands, fall in profits, acute competition in the market, or when a new product is to be introduced in the market.
2. Scope – Sales promotion is a supplementary effort to advertising and personal selling. It does not include advertising and personal selling, publicity and public relations.
3. Motivation – It is an effort by which the consumers, traders and sales force are motivated towards maximum sales.
4. Various marketing activities – It includes all such activities to attract the consumers at the selling points, such as the use of decorations, displays, premium offers, etc.
5. Objective – The objective of sales promotion is to establish better coordination between the activities like advertising, personal selling, publicity's, etc. In the words of Stanton, "Really the major function of sales promotion is to bridge the gap between advertising and personal selling; so that efforts of these two areas could be supplemented and coordinated."
6. Universal activity – It is an universal activity adopted by all the economies of the world in their sales efforts.
7. Investment – Money spent on sales promotion is not a waste, but an investment. It will bring return on the investments in future.
8. Short-period effect – The sales promotion techniques have a short term effect of the consumers, but it is an objective oriented tool to get maximum sales during a short period of time.
9. Tripartite activity – It is a tripartite activity involving the distributors/middlemen, consumers, consumers and salesmen of the company to achieve the desired goals.
10. Means of marketing communication – It is an important means of communication by which views and ideas of the consumers about the products and services are exchanged with the producers regularly.
11. Personal and impersonal nature – Sales promotion is both, a personal and impersonal activity. Certain promotional tools such as premium, samples, demonstration, training, repairing, etc. are of personal nature, whereas certain other tools such as contests, decorations, trade fairs, etc. are of impersonal nature.
12. An element of promotion mix – Sales promotion is one of the important elements of promotion mix, other than advertising, personal selling and publicity.
13. Aim – The aim of sales promotion is goal-oriented to achieve sales/marketing objectives, which are short-term and immediate.
14. Variation with product category – The distinction between short-term and long-term results often may vary with the product category and the particular industry.
15. Viewed as a non-recurrent selling activity – The sales promotion has been traditionally viewed as a non-recurrent selling activity and has been defined as such in some definitions. However, this does not portray the present day, intensely competitive market conditions.

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16. Maximum effect at minimum cost – When the nature of promotion objective is such that it can best be achieved by sales promotion, rather than advertising alone, and the objective is achieved at minimum cost.

17. Motivates consumers to buy now – Successful sales promotions induce a sense of urgency to buy now and avoid postponing purchase. The consumer is moved to take immediate action and gets involved in the transaction.

18. Offers what the consumers want – Sales promotion must not attempt to push any offer that is not regarded as desirable by target consumers. They cannot attract consumers towards offers that are not perceived as interesting, exciting and valuable to them.

19. The promotion should be clear and uncomplicated – It offers a single but powerful incentive to engage in transaction. Any subsidiary offer stems from or is closely related to the main offer. In a simple and clear language, it communicates how consumers can take advantage of the promotional offer. Too many hurdles discourage consumers to participate.

20. Promotion should be highly visible – The offer must draw attention of target consumers. The media selection is important. Effective promotion draws attention from high visibility and from creative qualities.

21. Promotion should benefit all concerned – Usually promotions involve cooperation of sales force and channel members. They need to be motivated to make the efforts successful.

22. Promotion must be believable and honest – It makes reasonable and believable claims, tells the truth, there are no exaggerations, and it respects public's intelligence.

23. Promotion must be legal – The marketers must check the legality of promotion before announcing it.

24. Promotion must be implemented efficiently – In some types of promotions, handling houses and premium suppliers are involved. Proper arrangements must be made with these outside parties to avoid any complication.

Need and Importance of Sales Promotion:

Sales promotion acts as a bridge between advertising and personal selling. Due to the adversity of markets, the importance of sales promotion has increased tremendously. Sales promotion helps remove the consumer's dissatisfaction about a particular product, manufacturer, and create brand-image in the minds of the consumers and the users.

Sales promotional devices are the only promotional devices available at the point-of-purchase. An advertising medium reaches the prospects at their homes, offices, etc. and may soon be forgotten. The sales promotional devices at the point-of-purchase stimulate the customers to make purchase promptly on the spot.

Business firms use promotional tools to achieve the following benefits:

(i) Attracting Attention:

The first aim of sales promotion is to attract the attention of the prospective buyers and inform them about the availability, characteristics and uses of a particular product.

(ii) Highlighting Utility of Product:

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Promotion helps in letting the people know about the utility of the new products. It also tells them how the concerned products will be helpful in satisfying their specific demands.

(iii) Stimulation of Demand of New Product:

Promotional activities are used to create interest in the new product and to persuade people to buy the same. This helps in launching the new product.

(iv) Product Differentiation:

Promotion helps in differentiating a particular product of the firm from the competing products of other firms. A firm can also use data revealing how its product compares with the other products.

(v) Synergy in Promotional Activities:

Sales promotion activities supplement personal selling and advertising efforts of the firm. They add to the overall effectiveness of the firm's promotional activities.

(vi) Stabilisation of Sales Volume:

In the modern age of competition, it is an important purpose of promotion to help in stabilising sales volume by reassuring the customers about the quality and price of the product. It is possible that a customer using a particular brand, may buy another because the other brand is promoted in an effective manner.

(vii) Performance Appraisal or Marketing Control:

The management of a company can keep an effective check on the results achieved through sales promotion schemes, because it is in a position to analyse the costs incurred and the benefits derived.

Role of Advertising in Media

In the 20th century, the media was dominated by print, radio, and television, attracting a broad swath of the public, affording them the opportunity to read, listen, and watch the world around them in a way that they previously had not been able to do. Beginning in 1989, the World Wide Web, (W3C.org) was invented, and it devised a virtual medium of software laid on top of the internet's physical wiring structure, which has since enabled the public to message, tweet, send and receive emails, photos and videos; and to interact with user sites such as Twitter, Facebook and many others. Apart from imparting knowledge and connecting the world, media serves another role: It spreads awareness about products and services, broadcasting the benefits of specific products and services, via advertising.

The advertising industry is huge. Advertisers spent a grand total of \$267 billion in 2016, much of it from the rapidly growing companies in China like Alibaba. Procter and Gamble spent more on advertising than any other company, a whopping \$10.5 billion, followed closely by the electronics company, Samsung, with expenses of \$9.9 billion. Car companies like Ford and General Motors, and consumer firms like Amazon were also among the big spenders.

Many companies spend a lot of money on advertising, relying on the various forms of media out there to spread awareness about their products and increase their sales. Here is a breakdown of the role of advertising in the media.

Advertising

Spreading Awareness Through Advertising

Advertisements alert people about new products and services in the market that could potentially fulfill their needs or solve their problems. A typical advertisement will tell you what the service or product is, where it can be bought, for how much, by whom, and why it should be bought. This is possible through the power of the media to reach millions of people at the same time.

Popularizing a Brand

Think of all the popular brands you know, such as Coca-Cola or McDonald's. These brands are where they are today because they utilized the phenomenon of advertising well. Through constant republishing and replay to large groups of people, the media popularizes the brand. Many people see it multiple times, and it sticks in their heads. Eventually, when they see it out there, they will recognize it and are more likely to buy it.

Increasing Customer Demand

The target audience of advertisements is typically large, whether you're advertising in social media, print media, radio, or television. A well-crafted advertisement will convince the public that they should buy the product or subscribe to the service being advertised. As a result, whatever is already in the market becomes exhausted or oversubscribed, leading to an increase in demand for the product or service.

Increased Company Profits

This one works for the same reasons as the previous one on demand. Advertisements are usually displayed to large groups of people at the same time. This means that, even with a low conversion rate, many people will end up buying your products eventually. If you execute your advertisement well, you will get a good conversion rate and great sales. Increased sales, of course, mean increased profits.

It all boils down to how well you do your advertisement. A badly executed ad will not do any good for your company, no matter how many people see it. A well-executed ad, on the other hand, can do wonders for your bottom line and turn your brand into a household name. Ultimately, it can't be denied that advertising in media is the fuel that drives global business.

Types of Advertising Media

The types of advertising media with examples:

- 1. Print:** Magazines, Newspapers, Journals, Periodicals, etc.
- 2. Broadcast:** Satellite TV Channels and Radios.
- 3. Non-broadcast:** Cinema, CCTV, local cable TV, etc.
- 4. Outdoor:** Hoardings or Billboards, Posters, Neon light sign board, etc.
- 5. Transit or vehicular:** Railways, Public transport buses and Tramps, etc.
- 6. The point of purchase:** Hangings on stores, Banners, Pamphlets, Stickers, Window Display, Painted signs, etc.
- 7. Specialty media:** Calenders, T-shirts, badges, caps, keychains, Diaries, etc.
- 8. Virtual media:** Online Blogs, forums, social media websites, email ads, etc.

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

These advertising media have their unique features, merits, limitations and suitability. An advertiser has to consider his ad budget and then select the most appropriate media to run his ad campaigns.

Print Media

Print Media is defined as a Print form of information which is provided to the larger audience. During Ancient times or Early Age, information is conveyed to the masses through manuscripts. Before the invention of the Printing press, the articles and printed matters are to be handwritten that was made available to a larger audience.

There are various forms of Print Media:

- Newspapers
- Journals
- Books, Novels and Comics

Electronic Broadcasting Media

Distribution of content and information through audio and visuals using the electronic broadcasting medium is called Broadcast.

Broadcast media is a useful medium of the spread of news and information to even illiterate people and persons having a listening problem or eyesight problem as well.

There are various Electronic Broadcasting Medium:

- Traditional Telephone
- Television
- Radio

Digital Media or New Media

With speed and higher digital technology, the Internet has taken over all mediums of communications. **Digital media** is a two-way communication as users being active producers of content and consumers of content and information.

Digital or new media can be text, audio, graphics, and video. This media is increasingly getting popular medium of exchange of information due to ease of accessibility with a computer and Internet Connection.

Digital Media forms are:

- Emails
- Websites
- Social Media and Networking
- Blogging and Vlogging

Advertising

- E-forums and E-books
- Computer Animations
- Digital Videos
- E-Commerce
- Virtual world and Reality
- Webcast and Podcast

Advertising

6010/1
FACULTY OF COMMERCE & BUSINESS MANAGEMENT
B.COM III YEAR VI SEMESTER EXAMINATION - APRIL/MAY- 2019

ADVERTISING
(Generic Elective)
Paper - I

Time: 1½ Hours

Max. Marks: 40

Answer ALL questions
Each question carries equal marks (4X10=40 Marks)

1. Answer the following
 - a. Benefits of Advertising
ప్రకటనలయొక్క లాభాలు
 - b. Factors influencing Choice of Media
మీడియా యొక్క ఎంపికను ప్రభావితం చేసే అంశాలు
 - c. Features of Sales Promotion
అమ్మకాల ప్రమోషన్స్ యొక్క లక్షణాలు
 - d. Electronic Media
ఎలక్ట్రానిక్ మీడియా
2. a. Explain the functions of Advertising.
ప్రకటనలయొక్క విధులను గూర్చి వివరింపుము.
Or
b. Explain the Process of Media Planning.
మీడియా ప్రణాళిక యొక్క ప్రక్రియను వివరింపుము.
3. a. Define Sales Promotion. Explain its types.
అమ్మకాల ప్రమోషన్స్ నిర్వచించి వాటిలో నిరకాల గూర్చి వివరింపుము.
Or
b. Discuss the role of Media in Advertising.
ప్రకటనలో మీడియా యొక్క పాత్రను గూర్చి చర్చించుము.
4. a. Explain various objectives of Advertising.
ప్రకటనలయొక్క వివిధ లక్ష్యాలను గూర్చి వివరింపుము.
Or
b. Discuss about the different types of Media.
వివిధ రకముల మీడియాలను గూర్చి వివరింపుము.
