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Author

Sk. Md. Nizamuddin

Asst. Professor,

Directorate of Distance Education,

Pondicherry University

TABLE OF CONTENTS

Paper - XVIII

Advertising & Sales Promotion

Unit - I

Advertising - an introduction- Origin and Development - Definition and Classification - Planning Framework - Organising Framework - the Advertiser and the Advertising Agency interface - Strategic Advertising Decisions - Setting Advertising Objectives - The Budget Decision - Preparing the Product and Media Brief

Unit - II

Copy Decisions - Visualization of Ad Layout - Elements of Ad Copy and Creation Principles of verbal versus visual thinkers - Styles and Stages in advertising copy creation- Copy (Pre-) Testing methods and measurements.

Unit - III

Media Decisions - Media Planning and Selection - Concepts of Reach, Frequency, Continuity, and Selectivity - Measures of Media Cost Efficiency – Media (Readership / Viewership) Research - The Internet as an Advertising Medium - Tracking Website visits, page views, hits, and click-stream analysis - permission marketing and privacy - ethical concerns.

Unit - IV

Measuring Advertising Effectiveness - Control of Advertising by practitioners, media and the market - Advertising in the International Market-place - Advertising and Principles of Integrated Marketing Communication and Image Building.

Unit - V

Sales Promotion - Rationale, Types - Consumer and Trade Promotions - Sales

Promotion Strategies and Practices, Cross Promotions, Surrogate Selling, Bait and Switch advertising issues.

Brand Equity - Concepts and Criteria, Building, Measuring and Managing Brand Equity, Linking Advertising and sales promotion to achieve 'brand-standing' - Leveraging Brand Values for business and non-business contexts.

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UNIT – I

Unit Structure

Lesson- 1.1 - Advertisement - An Introduction

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the concept of advertising.
- ➢ Learn the meaning and definition of advertising
- ➢ Examine the origin and development of advertising
- ➢ Understand about contemporary advertising
- ➢ Discuss various types of advertising

Introduction

Advertising is a powerful communication force, highly visible, and one of the most important tools of marketing communications that helps to sell products, services, ideas and images, etc. Many believe that advertising reflects the needs of the times. One may like it or not but advertisements are everywhere. Advertisements are seen in newspapers, magazines, on television and internet and are heard on radio. The average consumer is exposed to a very large number of advertisements every day, particularly the urban and semi-urban population.

It seems almost impossible to remain totally neutral and not take any notice of modern day advertising. The most visible part of the advertising process is the advertisements that we see, read, or hear and praise or criticize. Many suitable adjectives are used to describe advertising, depending on how an individual is reaching, such as great, dynamic, alluring, fascinating, annoying, boring, intrusive, irritating, offensive, etc.

Advertising is an indicator of the growth, betterment and perfection of civilization. It is part of our social, cultural and business environment. It is not at all surprising that advertising is one of the most closely scrutinized of all business institutions. In today's environment, not only are advertisers closely examined by the target audience for whom that advertisement are meant, but by society in general.

Marketing-Mix and Promotion-Mix

The marketing mix is the combination of elements necessary to the planning and execution of the total marketing operation. The 'Four Ps' concept of the marketing mix, developed by Philip Kotler, and widely adopted by marketing teachers, creates four division of the mix, namely, product,, price, promotion and place. Advertising comes under promotion. Under promotion mix there are several components like advertising, personal selling, sales promotion, publicity, direct marketing etc. Advertising is one of the components of promotion as shown in fig below.
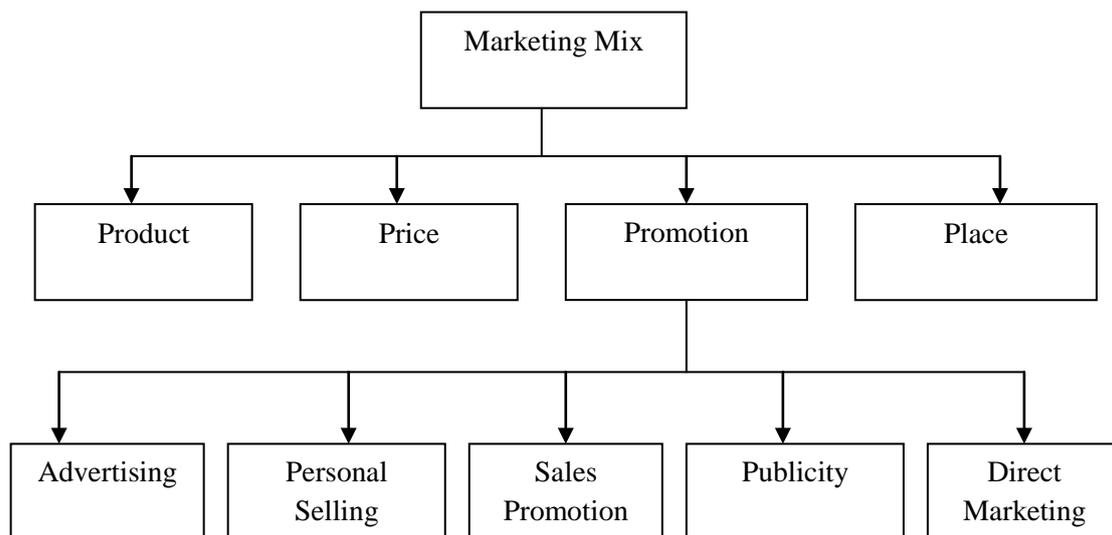
Origin of Advertising

It has been wrongly assumed that the advertising function is of recent origin. Evidences suggest that the Romans practiced advertising; but the earliest indication of its

use in this country dates back to the Middle Ages, when the use of the surname indicated a man's occupation.

The seller in primitive times relied upon his loud voice to attract attention and inform consumers of the availability of his services. If there were many competitors, he relied upon his own personal magnetism to attract attention to his merchandise. Often it became necessary for him to resort to persuasion to pinpoint the advantages of his products. Thus, the seller was doing the complete promotion job himself.

The invention of hand press increased the potentialities of advertising. By Shakespeare's times, posters had made their appearance, and assumed the function of fostering demand for existing products. Another important event was the emergence of the pamphlet as an advertising medium. The early examples of these pamphlets disclose their sponsorship by companies want to generate goodwill for their activities. The low cost of posters and handbills encouraged a number of publishers to experiment with other methods.

History of Advertising

The recorded history of advertising goes back to about 5000 years including the modern satellite and Internet age. Our knowledge of advertising in ancient times is quite fragmented. Nevertheless, it seems that the urge to advertise is a part of human nature since ancient times. The diggings by archaeologists, in countries rimming the Mediterranean sea, has unearthed a Babylonian Clay tablet of about 3000BC, Bearing inscription for an ointment dealer, a scribe and a shoe mark, Romans and their predecessor knew that "it pays to advertise". Papyri found in the ruins of Thebes (Egypt) show announcements offering rewards for the return of runaway slaves about 3000 BC.

Before the invention of printing from movable type (about AD 1438) by Johann Gutenberg there were three forms of advertising.
Trademarks: Craftsman, in early times, wanted to be identified for their skills and placed their individual marks on goods that they crafted. This led to reputation building of particular artisans by word of mouth. Buyers learnt to look for distinctive marks just as we look today for brands names and trademarks on products.

Signs: Phoenicians, and other traders, painted commercial messages on prominent tocks along trade routes that they frequented. These messages highly praised the products that were for sale. This is an example of ancient outdoor advertising, Archaeologists have revealed, from excavations at Pompeii, that little shops had inscriptions on walls near the

entrance to inform the passers-by whether the shop sold pottery, wine, bread, or any other goods.

Town Criers: This system of town criers was perhaps, present in all developed civilizations of the ancient world. In Greece, during the golden age, town criers were paid to go around town spreading news and making announcements in the streets of Athens. Epics and history books about ancient India reveal that the rulers used the system of town criers in India to inform the public of various public interest matters. In rural India, town criers were used till as late as the 1950s.

The first known printed advertisements in the English language appeared nearly forty years after the invention of movable type. William Caxton of London printed the first advertisements. It was a handbill of rules for the guidance of clergy at Easter and was put on church doors. The printed newspaper emerged from the newsletters, which were handwritten by professional writers for limited circulation among the nobles and others.

The first ad, in any language, to be printed on a circulated sheet appeared in German news pamphlets in about 1525. The ad praised the virtues of a mysterious drug. It was from such beginnings that the printed newspaper emerged and the first printed newspaper in English came out in 1622, called the Weekly News of London. The first advertisement appeared in an English newspaper in 1625.

The first ad in America appeared in 1704 in the Boston Newsletter. The first ad that appeared offered a reward for the capture of a thief. This was more like the reward for returned slaves written on Egyptian Papyrus thousands of years before present day advertising came into being.

By the middle of the 17th century, weekly newspapers called 'mercuries' started to appear in England. Most of the early advertisements in these newspapers were in the form of announcements. Importers of products new to England were prominent advertisers. The first ad offering coffee appeared in a newspaper in 1652, followed by an offering of chocolate in 1657 and tea in 1658.

Contemporary Advertising

Most of the growth in advertising has happened after Second World War. Excessive mechanized production and serious efforts to rebuild nations and economies were under way. Western Europe and the Far East started to compete in world markets and advertising became an essential part of this new economy. Large corporations such as Coca-Cola, General

Motors and IBM had long been active all over the world. After 1946, quite a number of medium and small companies entered the international market. Large advertising agencies of USA, Western Europe and the Far East started opening their offices in several countries.

Specialists in market research, sales promotion, merchandising and public relations started running the advertising industry during the 1950s. Creativity in advertising was almost non-existent till then and ads were mostly "me too" type of messages with a lot of worldly visualization and little copy. Rossers Reeves of Ted Bates Agency was probably the most successful among copywriters. He originated the concept of USP (Unique Selling Proposition). His argument was that the marketer should discover one important attribute of his product. This attribute should be communicated properly and effectively to the audience and should be repeated over and over. It was during the 1950s that television emerged as one of the most spectacular development in the history of advertising. Television showed a significant advantage over other media as it could combine both sight and sound.

It was mainly because of the efforts of Leo Burnett, David Ogilvy and William Bernbach that creativity and soft sell were reintroduced in advertising. Burnett's contribution in the late 1950s and 1960s brought drama and warmth to advertising with unforgettable characters such as the Marlboro Man. Ogilvy, with the Hathaway shirt man wearing an eye-patch, introduced a unique type of intelligence and class to advertising. Bernbach's contribution was combining copy, art and humour. "We try harder because we are No.2" is the ad which has been hailed as one of the most remarkable advertisements by Bernbach.

It seems relevant to especially look at the development of Indian advertising. Two British advertising agencies, J. Walter Thompson and D J Keymer, were the ones that laid foundations of professional advertising in India in the early 1950s. J Walter Thompson is now HTA and D J Keymer became Ogilvy & Mather. The positioning era had not dawned till the 1950s and it was the time of "ART in INDUSRTY". Major advertisers like Burmah Shell and Dunlop were more concerned with "aesthetic creativity" rather than the compulsion of selling. Even in the mid – 1960s, advertising professionals had not heard of "positioning". Subroto Sengupta, a well-known personality in the field of advertising, a renowned teacher of marketing and an author, was one of the founder-directors of Clarion Advertising. He was formerly associated with D J Keymer. Another agency that flourished was OBM of Mumbai. Indians started Dattaram, Sista's and National in Mumbai and Tom and Bay in Pune. To Start with, these agencies were only space buyers.

Kersey Kartrak, an exceptionally talented advertising professional, helped in nurturing many talents that include Arun Nanda, Mohammad Khan and Ravi Gupta in the mid-1960s. Gerson da Cunha introduces Alique Padamse who today is consider as the

orginal god in Lintas. Other important names in Indian advertising include K Kurian, Sylvie da Kunha, Josephine Turor, Bobby Kooka, Subbash Ghosal and some others. The collapse of some agencies, such as MCM and Iyer's, brought on the scene many new agencies. The major trend of the 1970s was a professional approach and consolidation. During the 1980s, the economy showed significant improvements and advertising agencies flourished.

Advertising is rarely a stable business. It changes with business conditions, social and cultural times and technology. Ads in the pre-independence period in India were mainly addressed to the affluent class. These ads were generally for tea, gramophones, cars, hotels and restaurants and cotton goods, etc. After independence, when the princely states and Zamindari system were abolished, a new middle-class emerged. With this significant changed social, cultural, and economic scenario, advertisers started paying attention to the middle class.

Advertising Club of Mumbai celebrated its silver jubilee in March 1980 and there was a workshop on twenty-five years of Indian advertising. There are now advertising clubs in all metropolitan cities and more than 500 advertising agencies. There are professional bodies that represent the advertiser, the advertising agency and the media. The names of these representative bodies are:

➢ The Indian Society of Advertisers (ISA)
➢ The Advertising Agencies Association of India (AAAI)
➢ The Indian Newspaper Society (INS)

Indian advertising has taken rapid strides and is becoming more professional by the day. The comment of former Chief Executive of Hindustan Thompson Associates, Mr. Ghosal, about Indian advertising is interesting. He said, "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 advertising is aimed at the urban consumer. But there should be a mix, so that advertising can sell and yet retain the Indian flavor".

Or advertising in the last couple of decades has made much progress in terms of technical excellence, copy and graphics. However, progress in the area of relating to the customers is slow. There is a definite trend, both in audio-visual and print ads, to use appeals that are compatible with Indian Culture.

Advertising– Definition

"Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor." – American Marketing Association.

"Advertising is controlled, identifiable information and persuasion by means of mass communications media."

"Advertising is the non-personal communication of marketing-related information to a target audience, usually paid for by the advertiser, and delivered through mass media in order to reach the specific objectives of the sponsor." – John J Burnett.

"Advertising is a message paid for by an identified sponsor and delivered through mass medium of mass communication. Advertising is persuasive communication. It is not neutral; it is not unbiased; it says; 'I am going to sell you a product or an idea."

- J Thomas Russell and W. Ronald Lane

What Advertisement Is?

Advertisement is a mass communicating of information intended to persuade buyers to by 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 paid non-personal communication, 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.

What is Included in Advertising?

(i)   The information in an advertisement should benefit the buyers. It should give them more satisfactory expenditure of their rupees.

(ii)   It should suggest better solutions to their problems.

(iii)   The content of the advertisement is within the control of the advertiser, not the medium.

(iv)   Advertising without persuasion is ineffective. Advertisement that fails to influence anyone, either immediately or in the future, is a waste of money.

(v)   The function of advertising is to increase the profitable sales volume. That is, advertising expenses should not increase disproportionately.

Advertising includes the following forms of medium: The messages carried in-

➢ Newspapers and magazines;

➢ Radio and television broadcasts;

➢ Circular of all kinds, (whether distributed by mail, by person, thorough tradesmen, or by inserts in packages);

➢ Dealer help materials,

➢ Window display and counter – display materials and efforts;

➢ Store signs, motion pictures used for advertising,

➢ Novelties bearing advertising messages and Signature of the advertiser,

➢ Label stags and other literature accompanying the merchandise.

What is excluded from Advertising?

Advertising is not an exact science. An advertiser's circumstances are never identical with those of another; he cannot predict with accuracy what results his future advertising efforts will produce.

(i)   Advertising is not a game, because if advertising is done properly, both the buyer and the seller benefit from it.

(ii)   Advertising is not a toy. Advertiser cannot afford to play with advertising. Advertising funds come from sales revenue and must be used to increase sales revenue.

(iii)   Advertisements are not designed to deceive. The desire and hope for repeat sales insures a high degree of honesty in advertising.

The activities excluded from advertising are:

- The offering of premiums to stimulate the sale of products;
- The use of exhibitions and demonstrations at fairs, show and conventions;
- The use of samples and activities, involving news releases and the activities of personal selling forces;
- The payment of advertising allowances which are not used for advertising;
- The entertainment of customers

Advertising Objectives

Each advertisement is a specific communication that must be effective, not just for one customer, but for many target buyers. This means that specific objectives should be set for each particular advertisement campaign. Advertising is a form of promotion and like promotion; the objectives of advertising should be specific. This requires that the target consumers should be specifically identified and that the effect which advertising is intended to have upon the consumer should be clearly indicated. The objectives of advertising were traditionally stated in terms of direct sales. Now, it is to view advertising as having communication objectives that seek to inform persuade and remind potential customers of the worth of the product. Advertising seeks to condition the consumer so that he/she may have a favorable reaction to the promotional message. Advertising objectives serve as guidelines for the planning and implementation of the entire advertising programme.

The basic objectives of an advertising programme may be listed as below:

(i) To stimulate sales amongst present, former and future consumers. It involves decision regarding the media, e.g., TV versus Print.

(ii) To communicate with consumers. This involves decision regarding copy.

(iii) To retain the loyalty of present and former consumers. Advertising may be used to reassure buyers that they have made the best purchase, thus building loyalty to the brand name or the firm.

(iv) To increase support. Advertising impliedly bolsters the morale of the sales force and of distributors, wholesalers, and retailers, to instill confidence in organisation.

(v) To project an image. Advertising is used to promote an overall image of respect and trust for an organization. This message is aimed not only at consumers, but also at the government, shareholders, and the general public.

Importance of Advertising

Generally, advertising is a relatively low-cost method of conveying selling messages to numerous prospective customers. It can secure leads for salesmen and middlemen by convincing readers to request more information and by identifying outlets handling the product. It can force middlemen to stock the product by building consumer interest. It can help train dealers salesmen in product uses and applications. It can build dealer and consumer confidence in the company and its products by building familiarity. **Advertising is to stimulate market demand**.

While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom solely relied upon. Advertising is efficiently used in combination with personal selling or point-of-purchase display, to directly move customers to buying action.

Advertising has become increasingly important to business enterprises – both large and small. Outlay on advertising certainly is the voucher. Non-business enterprises have also recognized the importance of advertising. The attempt by army recruitment is based on a substantial advertising campaign, stressing the advantages of a military career. The health department popularizes family planning through advertising Labour organizations have also used advertising to make their viewpoints known to the public at large. Advertising assumes real economic importance.

Advertising strategies that increase the number of units sold and stimulate economies in the production process. The production cost per unit of output is lowered. It in turn leads to lower prices. Lower consumer prices then allow these products to become available to more people. Similarly, the price of newspapers, professional sports, radio and TV programmes, and the like might be prohibitive without advertising. In short, advertising pays for many of the enjoyable entertainment and educational aspects of contemporary life.

Advertising has become an important factor in the campaigns to achieve such societal-oriented objectives such as the discontinuance of smoking, family planning, physical fitness, and the elimination of drug abuse.

Advertising helps to increase mass marketing while helping the consumer to choose from amongst the variety of products offered for his selection.

In India, advertising as a profession is in its infancy. Because of this fact, there is a tremendous scope for development so that it may be productively used for the benefit of producers, traders, consumers, and the country's economy.

Classification and Types of Advertising

1. Product – Related Advertising

    A. Pioneering Advertising

    B. Competitive Advertising

    C. Retentive Advertising

2. Public Service Advertising

3. Functional Classification

    A. Advertising Based on Demand Influence Level.

        a. Primary Demand (Stimulation)

        b. Selective Demand (Stimulation)

    B. Institutional Advertising

    C. Product Advertising

        a. Informative Product Advertising

        b. Persuasive Product Advertising

        c. Reminder-Oriented Product Advertising

4. Advertising based on Product Life Cycle

    A. Consumer Advertising

    B. Industrial Advertising

5. Trade Advertising

    A. Retail Advertising

    B. Wholesale Advertising

6. Advertising Based on Area of operation

    A. National advertising

    B. Local advertising

    C. Regional advertising

7. Advertising according to Medium Utilized

Product – Related Advertising

It is concerned with conveying information about and selling a product or service. Product advertising is of three types-

A. Pioneering Advertising

B. Competitive Advertising

C. Retentive Advertising

i. Pioneering Advertising

This type of advertising is used in the introductory stages in the life cycle of a product. It is concerned with developing a "primary" demand. It conveys information about, and selling a product category rather than a specific brand. For example, the initial advertisement for black – and – white television and colour television. Such advertisements appeal to the consumer's emotions and rational motives.

ii. Competitive Advertising

It is useful when the product has reached the market-growth and especially the market-maturity stage. It stimulates "selective" demand. It seeks to sell a specific brand rather than a general product category. It is of two types:

A. Direct Type: It seeks to stimulate immediate buying action.

B. Indirect Type: It attempts to pinpoint the virtues of the product in the expectation that the consumer's action will be affected by it when he is ready to buy.

Example: Airline Advertising

Air India attempts to bid for the consumer's patronage either immediately -direct action-in which case, it provides prices, time tables and phone numbers on which the customer may call for reservations; or eventually – indirect action – when it suggests that you mention Air India's name when talking to your travel agent.

iii. Retentive Advertising:

This may be useful when the product has achieved a favourable status in the market – that is, maturity or declining stage. Generally in such times, the advertiser wants to keep his product's name before the public. A much softer selling approach is used, or only the name may be mentioned in "reminder" type advertising.

Public Service Advertising

This is directed at the social welfare of a community or a nation. The effectiveness of product service advertisements may be measured in terms of the goodwill they generate in favour of the sponsoring organization. Advertisement on not mixing drinking and driving is a good example of public service advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behaviour and benefit the public at large.

Functional Classification

Advertising may be classified according to the functions that it is intended to fulfill.

- (i)   Advertising may be used to stimulate either primary demand or selective demand.
- (ii) It may promote either the brand or the firm selling that brand.
- (iii) It may try to cause indirect action or direct action.

I. **Advertising Based on Demand Influence Level**

A. Primary Demand Stimulation

Primary demand is demand for the product or service rather than for a particular brand. It is intended to affect the demand for the type of product, and not the brand of that

product. Some advertise to stimulate primary demand. When a product is new, primary demand stimulation is appropriate. At this time, the marketer must inform consumers of the existence of the new item and convince them of the benefits flowing from its use. When primary demand has been stimulated and competitors have entered the market, the advertising strategy may be to stimulate the selective demand.

B. Selective Demand Stimulation

This demand is for a particular brand such as Charminar cigarettes, Surf detergent powder, or Vimal fabrics. To establish a differential advantage and to acquire an acceptable sort of market, selective demand advertising is attempted. It is not to stimulate the demand for the product or service. The advertiser attempts to differentiate his brand and to increase the total amount of consumption of that product. Competitive advertising stimulates elective demand. It may either be direct or indirect type.

ii. Institutional Advertising

Institutional Advertising may be formative, persuasive or reminder oriented in character. Institutional advertising is used extensively during periods of product shortages in order to keep the name of the company before the public. It aims at building for a firm a positive public image in the eyes of shareholders, employees, suppliers, legislators, or the general public. This sells only the name and prestige of the company. This type of advertising is used frequently by large companies whose products are well known. HMT or DCM, for example, does considerable institutional advertising of its name, emphasizing the quality and research behind its products.

Institutional advertisements are at consumers or focus them upon other groups, such as voters, government officials, suppliers, financial institutions, etc. If it is effective, the target groups will respond with goodwill towards, and confidence in the sponsor. It is also a useful method of introducing sales persons and new product to consumers. It does not attempt to sell a particular product; it benefits the organization as a whole.

It notifies the consumers that the company is a responsible business entity and is patriotic; that its management takes ecologically responsible action, is an affair- motive-action employer, supports the socialistic pattern of society or provides employment opportunities in the community.

When Indian Oil advertisements describe the company's general activities, such as public service work, this may be referred to as institutional advertising because it is intended

to build an overall favorable attitude towards the company and its family of products. HMT once told the story of the small-scale industries supplying it with component parts, thus indicating how it aided the development of ancillary industries.

iii. Product Advertising

Most advertising is product advertising, designed to promote the sale or reputation of a particular product or service that the organization sells. Indane's Cooking Gas is a case in point. The marketer may use such promotion to generate exposure attention, comprehension, attitude change or action for an offering. It deals with the non-personal selling of a particular good or service. It is of three types:-

 A. Informative Product Advertising

 B. Persuasive Product Advertising

 C. Reminder-Oriented Product Advertising

A. Informative Product Advertising

This form of advertising tends to characterize the promotion of any new type of product to develop an initial demand. It is usually done in the introductory stages of the product life cycle. It was the original approach to advertising.

B. Persuasive Product Advertising

Persuasive product advertising is to develop demand for a particular product or brand. It is a type of promotion used in the growth period and, to some extent, in the maturity period of the product life cycle.

C. Reminder-Oriented Product Advertising

The goal of this type of advertising is to reinforce previous promotional activity by keeping the brand name in front of the public. It is used in the maturity period as well as throughout the declining phase of the product life cycle.

Advertising Based on Product Life Cycle

   A.   **Consumer Advertising**
   B. **Industrial Advertising**

A. Consumer Advertising

Most of the consumer goods producers engage in consumer product advertising. Marketers of pharmaceuticals, cosmetics, scooters, detergents and soaps, cigarettes and alcoholic beverages are examples. Baring a few, these products are all package goods that the consumer will often buy during a year. There is a heavy competition among the advertisers to establish an advantage for their particular brand.
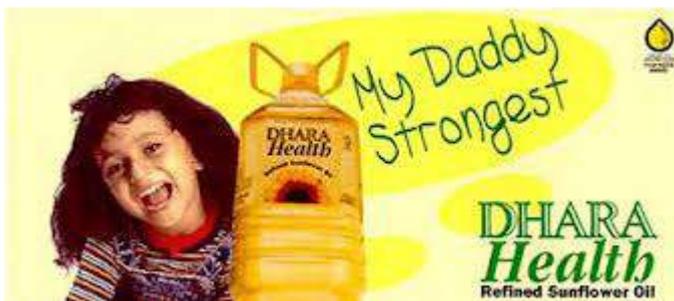
B. Industrial Advertising

Industrial executives have little confidence in advertising. They rely on this form of promotion merely out of fear that their competitors may benefit if they stop their advertising efforts. The task of the industrial advertiser is complicated by the multiple buying influence characteristics like, the derived demand, etc. The objectives vary according to the firm and the situation. They are:

- To inform,
- To bring in orders,
- To induce inquiries,
- To get the advertiser's name on the buyer's list of sources,
- To provide support for the salesman,
- To reduce selling costs,
- To help get items in the news column of a publication,
- To establish recognition for the firm or its product,
- To motivate distributors,
- To recognition for the firm or its products,
- To motivate distributors, to create or change a company's image,
- To create or change a buyer's attitude.

The basic appeals tend to increase the rupee profits of the buyer or help in achieving his non-monetary objectives. Trade journals are the media most generally used followed by catalogues, direct mail communication, exhibits, and general management publications. Advertising agencies are much less useful in industrial advertising.
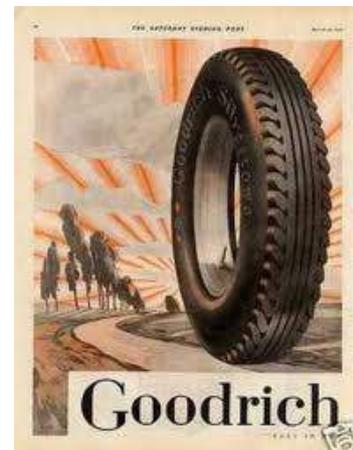
Trade Advertising

a. **Retail Advertising**

b. **Wholesale Advertising**

A. Retail Advertising

This may be defined as "covering all advertising by the stores that sell goods directly to the consuming public." It includes, also advertising by establishments that sell services to the public, such as beauty shops, petrol pumps and banks.

Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store.

One aspect of retail advertising is co-operative advertising. It refers to advertising costs between retailers and manufacturers. From the retailer's point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available.

B. Wholesale Advertising

Wholesalers are, generally, not advertising minded, either for themselves or for their suppliers. They would benefit from adopting some of the image-making techniques used by retailers – the need for developing an overall promotional strategy. They also need to make a greater use of supplier promotion materials and programmes in a way advantageous to them.

Advertising based on Area of Operation

It is classified as follow:

A. National Advertising

B. Regional Advertising

C. Local Advertising

National Advertising

The term 'national advertising' has a special connotation that advertising is not confined to any geographic area within the nation. This type of advertising is undertaken mostly by a marketer of branded product or services, sold through different outlets in the distribution chanel, wherever they may be located and appears in both national and regional media like print, electronics, outdoor etc. Apparently the term 'national advertising' conveys mass marketing effort. In reality this does not necessarily mean that the product is sold nationwide. The goal is to inform, persuade or remind consumers about company or brand. National advertising often identifies a specific target audience and attempts to create an image for the product. For example the ad for Mercedes-E class is targeting a specific segment in the Indian market.

B. Regional Advertising

It is geographical alternative for organizations. For example, Amrit Vanaspati based in Rajpura claims to be the leading hydrogenated oil producer in the Punjab. But, until recently, it mainly confined itself to one of the vegetable oil brands distribution to Malihabad district (in U.P. near Lucknow).

C. Local Advertising

It is generally done by retailers rather than manufacturers. These advertisements save the customer time and money by passing along specific information about products, prices, location, and so on. Retailer advertisements usually provide specific goods sales during weekends in various sectors.

Advertising According to Medium

The most common classification of advertising is by the medium used. For example: TV, radio, magazine, outdoor, business periodical, newspaper and direct mail advertising. This classification is so common in use that it is mentioned here only for the sake of completeness.

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Summary

Advertising is a powerful communication force, highly visible, and one of the most important tools of marketing communications that helps to sell products, services, ideas and images, etc. Many believe that advertising reflects the needs of the times. One may like it or not but advertisements are everywhere. Advertisements are seen in newspapers, magazines, on television and internet and are heard on radio. Advertising is one of the components of promotion and promotion is the one of the important P's of marketing mix.

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Lesson 1.2 - Advertising Planning & Organising Framework

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the frame work of advertising planning
- ➢ Analyze the situation of consumer, market and environment
- ➢ understand the objective of target selection
- ➢ understand the message and media strategy

Introduction

Advertising management is mainly concerned with planning and decision making. The advertising manager is involved in the development, implementation, and overall management of an advertising plan. The development of an advertising plan essentially requires the generation and specification of alternatives. Decision making involves choosing from among the alternatives. The alternatives can be various levels of expenditure, different kinds of objectives or strategy possibilities, and kinds of options with copy creation and media choices. Thus, the essence of planning is to find out the feasible alternatives and reduce them to decisions. An advertising plan reflects the planning and decision – making process and the decisions that have been arrived at in a particular product and market situation.

Planning Framework

Advertising planning and decision making depends on internal and external factors. Internal factors are situation analysis, the marketing program, and the advertising plan. The three legs of advertising planning concern are the

- ➢ Objective setting and target market identification,
- ➢ Message strategy and tactics, and
- ➢ Media strategy and tactics.

The advertising plan should be developed in response to a situation analysis, based on research. Once developed, the advertising plan has to be implemented as an advertising campaign, in the context of social and legal constraints and with the involvement of various facilitating agencies. Let us discuss these factors one after another.

1. Situation Analysis

It involves an analysis of all important factors operating in a particular situation. This means that new research studies will be undertaken on company history and experience.

AT&T, for example, developed a new strategy for its long-distance telephone services – based on five year of research. The research encompassed market segmentation studies, concept testing, and a field experiment. The field experiment increased on testing a new advertising campaign called "Cost of Visit". An existing "Reach Out" campaign although successful, did not appear to get through to a large group of people who had reasons to call but were limiting their calls because of cost. Research based on annual surveys of 3,000 residential telephone users showed that most did not know the cost of a long-distance call or that it was possible to make less expensive calls in off-peak periods.

Five copy alternatives were subsequently developed and tested, from which "Cost of Visit" was chosen. This campaign was credited with persuading customers to call during times that were both cheaper for them and more profitable for AT&T and, overall, was more effective that the "Reach Out" campaign. One estimate was that by switching 530 million in advertising from "Reach Out" to "Cost of Visit", an incremental gain in revenue of $22 million would result in the first year and would top $100 million over five years.

This example highlights that a complete situation analysis will cover all marketing components and involve finding answers to many questions about the nature and extent of demand, competition, environmental factors, product, costs, distribution, and the skills and financial resources of the from.

2. Consumer and Market Analysis.

Situation analysis begins by looking at the aggregate market for the product, service, or cause being advertised, the size of the market, its growth rate, seasonality, geographical distribution. Whereas Consumer and Market analysis is concerned with the following factors:

Nature of Demand

- How do buyers (consumer and industrial) currently go about buying existing products or services?

- Can the market be meaningfully segmented or broken into several homogeneous groups in respect to "what they want" and "how they buy"?

Extent of Demand

- What is the size of the market (units and dollars) now, and what will the future hold?

- What are the current market shares, and what are the selective demand trends?

- Is it best to analyze the market on an aggregate or on a segmented basis?

Name of Competition

- What is the present and future structure of competition?

- What are the current marketing programs of established competitors?

- Why are they successful or unsuccessful?

- Is there any opportunity for another competitor? Why?

- What are the anticipated retaliatory moves of competitors?

- Can they neutralize different marketing programs we might develop?

Environmental Climate

- What are the relevant social, political, economic, and technological trends?

- How do you evaluate these trends? Do they represent opportunities or problem?

Stage of Product Life Cycle

- In what stage of the life cycle is the product category?

- What market characteristics support your stage-of –life-cycle evaluation?

Cost Structure of the Industry

- What is the amount and composition of the marginal or additional cost of supplying increased output?

Skills of the Firm

➢ Do we have the skills and experience to perform the functions necessary to be in the business?

➢ How do our skills compare with those of competitors?

Financial Resources of the Firm

➢ Do we have the funds to support an effective marketing program?

➢ Where are the funds coming from, and when will they be available?

3. Competitive Analysis

Advertising planning and decision making are affected by competition and the competitive situation facing the advertiser. Competition is such a pervasive factor that it will occur as a consideration in all phases of the advertising planning and decision making process. It should include an analysis of what current share the brand now has, what shares its competitors have, what share of a market is possible, from which competitors the increased share of a market is possible? The planner also has to be aware of the relative strengths and weaknesses of the different competing companies and their objectives in the product category. It is important to look at competition as a precursor to the planning process.

The Advertising Plan

As pointed out earlier, advertising plan and decision making focus on three crucial areas; objectives and target selection, message strategy and tactics, and media strategy and tactics. Let us elaborate on these points:

Objectives and Target Selection

Objectives in advertising can be understood in many ways. An important part of the objective is the development of a precise, disciplined description of the target audience. It is often tempting to direct advertising at a broad audience; but everyone is a potential customer. It is best to consider directing the advertising to more selected groups to develop stimulating copy. It is quite possible to develop several campaigns, each directed at different segments of the market, or to develop one campaign based on multiple objectives.

Message Strategy and Tactics

Messages strategy must decide what the advertising is meant to communicate – by way of benefits, feelings, brand personality, or action content. Once the content of the campaign has been decided, decisions must be made on the best-most effective-ways of communicating that content. The decisions, such as the choice of a spokesperson, the use of humor or fear or other tones, and the selection of particular copy, visuals, and layout, are what we call "message tactics"

Media Strategy and Tactics

Message strategy is concerned with decisions about how much is to be allocated to create and test advertising copy, media strategy concerns decisions on how many media rupees to spend on an advertising campaign. Media tactics comprise the decisions on which specific media (television, radio, magazines, etc.) or media vehicles (Reader's Digest, etc.) to spend these dollars.

External Factors

The external factors in the planning framework are environmental, social and legal considerations. To a considerable extent, these exist as constraints on the development of an advertising plan and decision making. In developing specific advertisement, there are certain legal constraints that must be considered. Deceptive advertising is forbidden by law. What is deceptive is often difficult, because different people can have different perceptions of the same advertisements. Thus, an advertiser who attempts to provide specific, relevant information must be well aware of what constitutes deception in a legal and ethical sense and of other aspects of advertising regulation.

Even more difficult consideration for people involved in the advertising effort is broad social and economic issues as stated below.

> Does advertising raise prices or inhibit competition?
> Is the use of sex or fear appeals appropriate? Women and minority groups are exploited in advertising by casting them in highly stereotyped roles.
> Is it more irritating than entertaining?
> Is an intrusion into an already excessively polluted environment?
> Advertising directed at children.

Summary

Advertising management is mainly concerned with planning and decision making. The advertising manager is involved in the development, implementation, and overall management of an advertising plan. The development of an advertising plan essentially requires the generation and specification of alternatives. Decision making involves choosing from among the alternatives. The alternatives can be various levels of expenditure, different kinds of objectives or strategy possibilities, and kinds of options with copy creation and media choices. Advertising planning and decision making depends on internal and external factors. Internal factors are situation analysis, the marketing program, and the advertising plan etc.

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Lesson 1.3 - Advertiser and the Advertising Agency Interface

Learning Objectives

After reading this lesson, you should be able to:

➢ Understand the scope and purpose of advertising agency

➢ Examine different types of advertising agency

➢ understand the process of selecting advertising agency

➢ appreciate the advantages of using advertising agency

Introduction

From a situation analysis point of view, the advertiser needs to know what kinds of facilitating agencies exist and the nature of the services they provide. From a planning point of view much local advertising is done without the services of an advertising agency or a research supplier. On the other hand, a national advertiser may have under contract many different agencies and research suppliers, each serving one or more brands in a product line. Many advertising decisions involve choosing facilitating agency alternatives.

What advertising agency should be chosen?

What media should be used?

What copy test supplier will be best for our particular situation?

Concerning the question of agency selection, characteristics such as the quality of personnel, reputation, integrity, mutual understanding, interpersonal compatibility and synergism were very important.

Advertising Industry

In advertising agency there are three-inter-relating groups - the advertiser, agency and media. (See figure)

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          │    AGENCY    │──────│    MEDIA     │
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Advertising: the relationship control triangle)
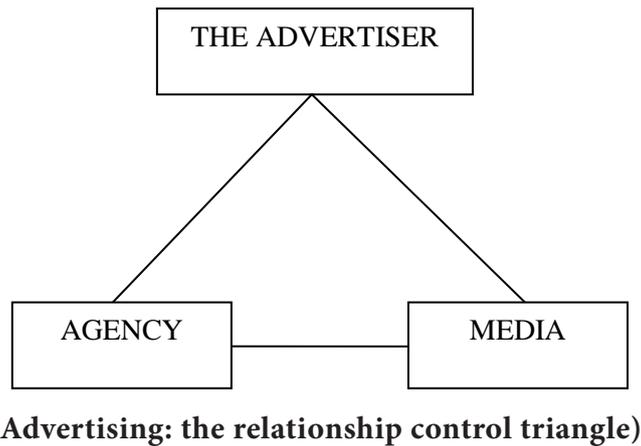
Advertising Industry

The advertising industry consists of three principal groups:

(a) Sponsors;

(b) Media; and

(c) Advertising agencies or advertising departments.

Advertising agencies are of two basic types, viz., Independent; and House.

An independent agency is a business that is free to compete for and select its clients.

A house agency is owned by its major client. A house agency is not completely free to serve other clients. The advertising department an integral part of the organization it serves.

The advertising agency provides for the client a minimum of:

(i)   Media information, such as the availability of time and space ;

(ii)   Creative skills, such as "campaign planning" and "appeal planning" and

(iii) Research capabilities, such as providing brand preference data.

What is an Advertising Agency?

An advertising agency is an independent organization set up to render specialized services in advertising in particular and in marketing in general. Advertising agencies started as space brokers for the handling of the advertisements placed in newspapers.

Over the years, the function of the agencies has changed. Their main job today is not to aid media but to serve advertisers.

Advertising Agencies- the Indian Scenario

As of 2004-05, there are 775 accredited advertising agencies in India, besides hundreds of smaller ones looking for accreditation to be engaged in national advertising. In order to get credit facilities and full agency discounts from the media, agencies need to get accreditation from the Indian Newspaper Society (INS).

A large number of newspapers are members of INS, which protects the interests of the newspapers that publish advertisements of several advertisers. In case advertisers do not release payment to the agency against advertisements placed in the media by the agency on their behalf or in case the agency receives money from the clients but fails to pay the media, the INS steps in. The complaints are registered with the INS, which looks into them and in extreme cases may even advice member of media organization to blacklist such advertisers of advertising agencies.

Functions of an Advertising Agency

The broad functions of an advertising agency are planning, preparing, and placing advertisements. Planning begins with the advertiser, also known as client in advertising parlance. The broad objectives of the advertising campaign are decided after talks with the client team during which the agency tries to find out about the various characteristics of the product and its strengths and weaknesses in relation to competitive brands. The people from the advertising agency should know about the client's sale volume, distribution channels, competitive edge, and consumer insights.

After gathering insight about the brand, the agency is expected to be objective in its recommendation. Agencies are expected to verify the insights gathered from the client to be certain about various aspects of the product and related issues. It is here that the account planning team of the agency steps in to gather consumer insights, find out about the distribution chain, packaging and point of purchase, and to study the advertising agencies of competing brands. All the information and insights put together give the advertising agency an idea about the job ahead.

This is followed by work on the 'big idea', visual inputs, and media strategy and options in the proposed campaign. The account executive is the facilitator among various specialist departments and the client. The media planning department within the agency or

a media buying agency that works for the agency has to work closely with other specialist departments while deciding the media strategy and choice of media. Its recommendations must provide justification for the choice of certain media and should satisfy the client when they represent the agency in the presentation team.

Once a go-ahead is given, the department has to issue contracts to publishers, channels, radio stations, outdoor advertisers, etc. The mechanical production of advertisement must begin as soon as the studio supplies the artwork.

Purpose of Advertising Agency

Most of the advertisers' use the services of advertising agencies Advertisers can have more than one advertising agency for different services at any given time. They use advertising agencies for various purposes such as to:

- ➤ Advertise and counsel on marketing strategy.
- ➤ Advice and counsel on advertising and media strategy and tactics
- ➤ Prepare and develop print, outdoor and electronic advertisements.
- ➤ Carry out collateral design of various items such as display material, PoP material and other promotional material.
- ➤ Help and counsel on sales promotion and other communication task

Types of Advertising Agencies

Advertising agencies are of various types which are as follows

Full-Service Agencies

A full service agency provides whole range of services to clients, both advertising and non-advertising. Advertising services encompass planning, creating, and producing advertising campaigns, which broadly include account planning, research, creative services, media planning, and productions of advertising material for print, broadcast, and out-door media. Non-advertising functions may include public relations, making corporate identity plans, packaging, organizing fairs, exhibitions and training material, etc.

Some generic are even involved in their client's marketing processes, which may include distribution and suggesting marketing strategies for their products.

A La Carte Agencies

An a la carte agency is such type of agency where one can order according to their choice, can be had from a full service agency or small special outfits. Such outfits specialize in creative concepts, strategy development, media planning etc. Their services are used by small and medium-size agencies which may not be in a position to afford highly paid creative writers or media planners.. At times advertisers commission such outfits for their specialized services.

House Agencies

A house agency is an advertising agency established by a company to look after its advertising requirements. Keeping in view the accreditation, such agencies get media recognition, and are hence entitled to 15% commission on media billing, which becomes a sort of saving for the advertiser. With time, the agencies may start doing outside work also. Infact, in the Indian context, two top agencies, viz, Lintas and Mudra communications, started as the house agencies of Hindustan Lever Ltd. and Reliance respectively.

Working with Advertising Agency

Some organization does not employ advertising agencies because they may be eligible for the media discount. Others feel that they can accomplish the advertising objectives more effectively than the agencies themselves. These marketers often employ their own advertising specialists. Various organizations use captive agencies that work primarily or solely for the organization.

Those organizations which do employ agencies are well-advised to establish a strong working relationship with them. It is especially important that the marketer fully inform the agency personnel of his marketing strategy and advertising objectives.

Advantage of Using Agencies

1. The marketer gains a number of benefits by employing agencies. An agency generally has an invaluable experience in dealing with various advertising and marketing issues.

2. The lessons which agency learned in working with other clients are useful inputs for the marketer.

3.   An agency may employ specialists in the various areas of preparation and implementation of advertising plans and strategies.

4.   The personnel are not members of the marketer's management team. They bring objective and unbiased viewpoints to the solution of advertising and other marketing problems.

5.   The discounts that the media offer to agencies are also available to advertisers. This is a strong stimulus to them to use an agency, for the media cost is not much affected thereby.

6.   The company normally does not have as many types of specialists as a large or medium-sized advertising agency has because an agency can spread the costs or its staff over many clients. It can do more for the same amount of money.

7.   The company can also get an objective, outside viewpoint from an agency, assuming that the agency representatives are not acting as "Yes man" in order to keep the advertiser's account.

8.   A related point is that the company can benefit from the agency's experience with many other products and clients.

9.   Another advantage is that agency feels a greater pressure than the company's own department to produce effective results. The relations between an agency and a client are very easy to terminate; but it is difficult to get rid of an ineffective advertising department.

10. The manner in which agencies are compensated, the use of an agency may not cost the advertiser a single paisa.

Making the Final Decision

When you judge the final agency work, keep the following points in mind:

If, despite your instructions, an expensive and glossy presentation has been produced, it is clear that the agency is desperate for business and is prepared to curt down on the service to existing clients in the hope of netting a new account. Would you wish to join the ranks of those clients?

A good example of glossy presentations going adrift was reported in Advertising Age, October 9, 1967. Trans World Airlines **(TWA)** decided to remain with Foote, Cone & Belding after hearing presentations from 17 other invited agencies. The magazine states:

"An executive from one of the losing shops said he was prepared for the gamble, but not for the reaction of one of his clients. The Client, believing reports that the **TWA** presentations set back the contending agencies by as much as one million dollars, asked his shop to invest a proportionate amount of money in a new campaign for his top product.

"He said, in effect, that we are spending this money to make a presentation for another account, and now we should spend some of his money to improve his advertising," the advertising executive said.

Lastly, ask yourself, and if necessary, ask the agency, too:

Is the team to produce the advertising really made up of the people who are going to handle your account afterwards? Or was it produced by the agency's star performers who spend most of their time on new business presentations and the rest of it on a few favoured accounts?

Selecting an Agency

While selecting an advertising agency, the importance of compatibility should be borne in mind. An agency takes a long time to grasp the problems and accumulate the facts that are necessary for the smooth functioning of a client. Though this investment period is long, it pays rich dividends. Therefore, an agency should not be frequently changed.

Here are some points that can help the advertiser to:

(i)   Choose an agency ; and
(ii) Get the best out of an agency.

Choosing an Agency

The agency should be able to think independently on various problems, and not solve them by pre-conceived notions which it is unwilling to change.

The agency should have experience in selling goods and ideas. It should be able to bring in more results than anticipated.

The company should be financially sound and should be able to cover both local and national advertising campaigns.

The size of the agency should not be seriously taken into account. A big agency is not necessarily better than a small agency.

The agency should not be one that hesitates to correct the advertiser if it feels that he is wrong.

The agency should be able to use both research and brains to solve problems.

An agency that plans to make profit on an account should be chosen, rather than one that maintains that it will work on a no-profit-no-loss basis.

Getting the Best Out of an Agency

➢ The agency should be given all possible information if good service is expected from it.

➢ The advertiser should go as far as possible to keep the agency on its toes.

➢ The agency should be challenged to produce results.

➢ Criticism, when it is handed out, should not be only unfavourable. It should also be favourable.

➢ Unnecessary details should not be fussed over.

➢ The advertiser should appoint a special person for liaison work between his company and the agency, and not expect the agency to contact the junior staff.

➢ The advertiser should allow the agency, where necessary, to break away from convention in its presentations.

➢ The agency should be paid extra, if it does any extra work.

➢ The advertiser should examine the work his agency does for other parties to get new ideas.

It is about time that the top management looked upon advertising as a basic capital investment –a long-term investment –which does not necessarily always bring in immediate returns. The management should realize that advertising has two functions to perform.

It has to sell products today and sell the name of the company, so that tomorrow's products, too, will sell.

Summary

An advertising agency is an independent organization set up to render specialized services in advertising in particular and in marketing in general. The broad functions of an advertising agency are planning, preparing, and placing advertisements. Planning begins with the advertiser, also known as client in advertising parlance. The broad objectives of the advertising campaign are decided after talks with the client team during which the agency tries to find out about the various characteristics of the product and its strengths and weaknesses in relation to competitive brands.

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Lesson 1.4 - Strategic Advertising Decision

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the importance of planning and strategy in advertising
- ➢ Discuss the planning process
- ➢ Understand advertising budget
- ➢ Examine different approaches in advertising budget allocation

Introduction

Strategy, tactics, and campaign are words drawn from military dictionary. All of these are essential for conducting warfare. Brand management in highly competitive world is also like warfare. The right strategies and tactics are needed to have desire effect on the consumer. As per Leo Bogart in his book 'Strategy in Advertising', 'Strategy is the art of deploying available resources to attain objectives in the face of active opposition' in his book he state that 'in a competitive economy, the success of a company often hinges on its ability to master the strategy of advertising. According to David Farbey 'Companies' do not spend hard-earn money on advertising unless they have to and if they spend it, it must work,. He argues that advertising is put to use to achieve certain commercial objectives.

An advertising plan aims at providing a flow for the execution of creative media and execution strategies. An advertisement strategy, hence, can be described as the communication that convey brand's primary benefits, that is, how it can solve a consumer need.

Setting Advertising Objectives:

The advertising objectives are determines on the following basis:

- ➢ Message About Product – Details about the product play a prominent role in advertising for new and existing products. In fact, a very large percentage of product-

oriented advertising includes some mention of features and benefits offered by the marketer's product. Advertising can be used to inform customers of changes that take place in existing products. For instance, if a beverage company has purchased the brands of another company resulting in a brand name change, an advertising message may stress "New Name but Same Great Taste".

➢ Message About Price – Companies that regularly engage in price adjustments, such as running short term sales (i.e., price markdown), can use advertising to let the market know of price reductions. Alternatively, advertising can be used to encourage customers to purchase now before a scheduled price increase takes place.

➢ Message About Other Promotions – Advertising often works hand-in-hand with other promotional mix items. For instance, special sales promotions, such as contests, may be announced within an advertisement. Also, advertising can help salespeople gain access to new accounts if the advertising precedes the salesperson's attempt to gain an appointment with a prospective buyer. This may be especially effective for a company entering a new market where advertising may help reduce the uncertainty a buyer has about a new company.

➢ Message About Distribution – Within distribution channels, advertising can help expand channel options for a marketer by making distributors aware of the marketer's offerings. Also, advertising can be used to let customers know locations where a product can be purchased.

Strategic Planning Process

All marketing communication must be consistent with, and in support of, the overall marketing plan. Before a manager even begins to think about specific communication issues, it is important to review the marketing plan. Once this review is completed, it is then helpful to outline briefly 'what we know' about the market and the specific marketing objectives and goals for the brand. This sort of information often has a significant bearing upon what it is that you will want to communicate to your target audience, and it provides important background information for those charged with creating massage.

Five Steps Strategic Planning Process

Step 1: Select the Target Audience

The first task in strategic planning is to decide upon the target audience. Whom we select must be consistent with the brand's marketing objectives. If part of the marketing

strategy is to build the category, this means looking for new users. If the marketing strategy is to increase usage, this means focusing upon existing users. For strategic planning process we will consider three questions that should be addressed in the planning process.

Where Sales or Usage to Come from?

Here, we must decide if our primary emphasis should be users or non-users of our brand. While we obviously want a broadly based business, realistically it is either a trial or a repeat purchase target audience objective that will best satisfy a brand's marketing objectives. Communication strategy will differ significantly, depending upon which of these target audience action objectives is used.

What do we know about the Target Audience:

Once the appropriate users groups have been determined, the manager must build a profile of them. Too often this profile includes only demographic characteristics for example female 25-45 with children and psychographic or lifestyle descriptions like 'outgoing with an interest in cultural activities' are not enough. For marketing communication to be effective it is important also to know those target audience attitudinal and behavioural patterns that are relevant to a brand's marketing communication and media strategies. This means knowing what the proposed target audience's category behaviour is now, or is likely to be in response to our campaign, and how their underlying brand attitudes and motivation affect choices.

Where does the Trade Fit in:

We must never lose sight of the fact that the trade is almost always a part of our target audience. It is easy to fall in to the trap of thinking only about consumers when considering a target audience. But our strategic planning requires a total look at the marketing communication task, and when advertising and promotion to the trade are used they must be integrated with advertising and promotion to the consumer.

Step 2: Understand Target Audience Decision Making

Once the target audience has been selected, next step is to gain an understanding of how that target audience goes about making purchase decision in the category. This is important, because if you are to affect the purchase decision positively and increase the likelihood of your brand being selected, you must understand what is involved in the making of that decision.

Step 3: Determine the Best Positioning

The third step in the strategic planning process is to determine how best to position your brand, While the basic brand positioning will no doubt already be established (except the new products), the strategic planning process must address the particular communication positioning that will be adopted for your brand. We must decide whether we want to link the brand in the target audience's mind to the category need in which it already sees it competing, or reposition the brand by linking it to another category need where the brand will have a stronger competitive advantage.

Step 4: Develop Communication Strategy

In developing a communication strategy we must first establish our communication objectives by selecting the desired communication effects. This is taking the first step in addressing what we want our marketing communication to say about our brand in order to motivate the target audience to take whatever action is required.

➢ Communication Effects

Communication objectives are quite simply the communication effects for which we are looking.

The four communication effects are:

Category Need

It does not make much sense to try and sell a brand if there is no perceived need for the product. Most of the time this is not an issue, but for innovative new products, for example, until there is awareness of the new product as such, it is almost impossible to create interest in a brand of that new product.

Before there were television or CD players, there was really no 'need' in the market for such products. But, when they were developed, it was necessary to establish the 'need' by introducing the product category itself to the public. Once people understand what this new product category is all about, it is possible to talk about brands.

Category need may also be a communication objective where demand is category seems to be slackening. This can happen for example, when something goes out of fashion for a period of time. If this occur, it may be necessary to remind people of a latent category

need. This is a particularly appropriate strategy for market share leaders, who should reap the benefit of any renewed interest in a category.

Brand Awareness

Brand awareness is always a communication objective, regardless of what type of marketing communication you may be using in your campaign. While this is an obvious point for advertising, it is also true for everything from promotion to packaging. Without this essential link between the message and the brand, there is no chance for effective marketing communication.

Brand Attitude

Like brand awareness, brand attitude also a communication objective for every type of marketing communication used in a campaign. Brand attitude strategy is at the heart of developing a communication strategy and all other forms of marketing communication.

Brand Purchase intention

Too often managers feel that most important, perhaps the only objective for marketing communication is to generate sales or usage of their product or service. While this is almost always a marketing objective, it is not often a primary communication objective. Of course we want our marketing communication to help contribute to an intention to buy or use the brand, but this is rarely the primary objective. Without brand awareness and brand attitude there can be no brand purchase intention.

Step 5: Set a Media Strategy

In this step the manager must select the best communication options to deliver the creative message. This is the first step in considering media selection, and one of the most important things the manager will need to think about at this point is the different relative strengths of advertising and promotion in satisfying the communication objectives

Basically both advertising and promotion should have a significant effect upon brand awareness, the primary strength of advertising is brand attitude, while the primary strength of promotion is brand purchase intention, and neither advertising nor promotion can have much of a direct effect upon category need.

Advertising Budget Strategy

The size of the advertising budget can have an impact upon the composition of the advertising mix. In general, a limited promotion budget may impel the management to use types of promotion that would not be employed otherwise, even though they are less effective than the others.

Industrial firms generally invest a larger proportion of their budgets in personal selling than in advertising, while the reverse is true of most producers of consumer goods. Organizations with small budgets may be forced to use types of advertising that are less effective than others.

Some marketers find it necessary to restrict their efforts primarily to personal selling and publicity. There are organizations with small promotion budget which take the opposite course of action. They concentrate on advertising and sales promotion, and neglect other methods. Some marketers advertise in expensive ways (through classified advertisement in newspapers and magazines) and spend virtually nothing on personal selling.

There is universal difficulty of relating advertising expenditures to sales and profit results. Determining the results of advertising and consequently the amount of money to be allocated in advertising budget are complicated by several major difficulties as follows:

(i)   The effects of external variables such as population, or income, changes on economics conditions and competitive behaviour;

(ii)   Variations in the quality of advertising;

(iii)   Uncertainly as to the time-lag effect of advertising; and

(iv)   The effect of the firm's other marketing activities, such as product Improvement and stepped-up personal selling.

The above complexities make the companies resort to more than one method of determining the size of their advertising budget.

Advertising Budget involves the allocation of a portion of the total marketing resources to the advertising function in a firm. The size of the budget allocation should be based on the potential contribution that advertising can make. Advertising budgeting should be based on a careful analysis of the opportunity for using advertising.

Marginal Analysis Approach

The marginal analysis approach to the allocation of resources provides a useful framework. How much should a firm spend on advertising? A firm may choose to spend promotion funds up to the point where marginal cost equals marginal revenue. Such analysis may be used for advertising budget decision.

The allocation procedure is to increase advertising expenditure until each rupee of advertising expense is matched by an additional rupee of profit. This marginal analysis results in the maximization of the productivity. The difficulty arises in the identification of this optimal point. The following table illustrates this point.

Marginal Analysis for Advertising Budgeting

(₹ in thousands)

Alternative Advertising Expenditure	Marginal Advertising Costs	Net Revenue	Marginal Revenue	Total Profit	Marginal Profit
30	-	20	-	-10	-1
35	5	24	+ 4	-11	-1
40	5	30	+6	-10	+1
45	5	40	+10	-5	+5
50	5	55	+15	+5	+10
55	5	77	+22	+22	+17
60	5	88	+11	+28	+6
65	5	95	+7	+30	+2
70	5	98	+3	28	-2
75	5	99	+1	24	-4
80	5	99	0	+19	-5
85	5	97	-2	+12	-7
90	5	95	-2	+5	-7
95	5	90	-5	-5	-10
100	5	83	-7	-12	-7

This analysis assumed that the management desires to maximize the profit contribution from advertising. It is not feasible to spend on advertising in increments of less than ₹5,000. The net revenue refers to sales minus all the non-advertising costs which are

based on a pre-determined non-advertising marketing mix. At lower levels of advertising (less than ₹ 5,000), the company cannot generate sufficient sales to cover all the costs. So, ₹ 5,000 represents the absolute minimum advertising budget for the company to make any profit at all.

According to the Marginal analysis management must select performance objectives for advertising expenditures. Marginal analysis relies on sales and profitability, which are important to assess the potential contribution of advertising expenditures. For advertising decisions for a new product introduction, the management may determine a minimum budget level and then asses the different levels above this.

Implementing the marginal analysis is a difficult task. Advertising is not the only factor affecting product performance. It is also difficult to predict the time pattern of the contribution, for it cannot be assumed that advertising will have an immediate impact. All these factors make it difficult for us to assess precisely the net sales marginal revenues, or other performance contribution estimates.

To cope with the realities of advertising budgeting, a variety of procedures have been adopted, which vary considerably when compared with the marginal analysis framework.

Advertising Budget Allocation by "Rule of Thumb"

Under this approach, the decisions on the amount to be spent are made by advertising managers in co-operation with advertising agency. Many companies resort to more than one method of determining the size of their advertising budgets. Some methods which are in common use are as follows:-

1. Profit Maximization

The best method for determining advertising expenditure is to identify a relationship between the amount spent on advertising and profits, and to spend that amount of money which maximizes the net profits. Since the effects of advertising may be reflected in future sales too, the advertiser maximizes the present value of all future profits at an appropriate rate. Therefore, a very few advertisers are able to implement the profit-maximizing approach to determine their advertising expenditure.

2. Advertising as a Percentage of Sales

Advertising Allocation = % ´ ₹ Sales

A pre-determined percentage of the firm's past sales revenue (or projected sales revenue) is allocated to advertising. But the question is - What is the relationship between advertising expenditure and sales revenue? Though it looks simple, it is not an effective way of achieving the objectives. Arbitrary percentage allocation fails to provide for the flexibility.

This method ignores the real nature of the advertising job. It is not necessarily geared to the needs of the total marketing programme. But this method is widely used. Its wide use reflects the prevailing uncertainty about the measurement of advertising effectiveness. It is an easy way of minimizing the difficulties of annual budgeting negotiations. It is also safe method as long as competitors use a similar method. The fixed sum per unit approach differs from the percentage of sales approach in only one respect that it applies a pre-determined allocation to each sales or production unit.

3. The Objective and Task Approach

The most desirable method is the objective and task approach. It is goal-oriented. The firm agrees on a set of marketing objectives after intensive market research. The costs of advertising are then calculated. When the resulting amount is within the firm's financial means, it is the advertising budget. It involves the following two steps:

(a) First, the organization must define the goals the promotional mix is to accomplish. For example, a 5 per cent increase in market share, or a 10 per cent rise in gross sales, or a 3 per cent addition to net profit, or more likely, a combination of several items.

(b) Second, it must determine the amount and the type of promotional activity required to accomplish the objectives set. The sum of these becomes the firm's promotion budget.

A crucial assumption underlies the objective and task approach is that the productivity of each advertising rupee is measurable. The task approach starts by asking what the objectives of the advertising campaign are. The "advertisability" of the product is more sharply defined. This approach requires that assumptions about media, copy, and all the other parts of a campaign be co-coordinated to achieve a specific set of objectives. The task approach has special merit in the introduction of a new product.

The main problem with this approach is that it is not easy to determine the cost of fulfilling an objective or to decide whether an objective is worth fulfilling. The task method forces advertising managers to engage in advance planning.

4. Competitive Parity Approach

This approach ties its budget to the rupees or percentage of sales expended by its competitions. This approach tries to match the competitor's outlays and meet competition either on absolute or relative basis. It involves an estimate of industry advertising for the period and the allocation of an amount that equal to its market share in the industry. Meeting competition's budget does not necessarily relate to the objective of promotion and is inappropriate for most marketing programmes.

It is a defensive approach. It assumes that the promotion needs of the organization are the same as those of its rival and makes it easy for analyzing the realities of its own competitive situation and to ignore the possibility of other strategies. But the needs will never be the same. It also assumes that budgets arrived at by competitors are correct, but they may have arrived at in a haphazard manner. Besides, their marketing strategies may also be different from our organization. Therefore, this method may be recommended only as a supplement to others.

However, the imitate-competitors strategy is most applicable in industries where competition is in order to prosper and even to survive. In a way, is better than the per cent of sales method as it recognizes that the competition as a key element in marketing and promotes stable relationships.

Competitive parity budgets can be determined in several ways; but all are based on spending approximately the same amount or percentage of sales as one's competitors. Some of the ways include:

(a)   Spend the same rupee amount on advertising as a major competitor does.
(b)   Spend the same percentage of sales on advertising as a major competitor does.
(c)   Spend the same percentage of sales on advertising as the average for the entire industry.
(d)   Use one of these "rules of thumb" in a particular market.

All these have one common characteristic, that is, the actions of competitors determine the company's advertising budget. But under this situation, a company faces several risks. Sufficient information may not be readily available to estimate the competitor's advertising budget. Such information is derived from secondary sources for some products than others. When only partial information can be obtained, such as expenditure on media, competitive parity may be misleading. It implies that all firms in an industry have the same

opportunities but not so in practice. For example, a company introduces a new product to compete with a competitor's already established brand; the opportunity for advertising for these two brands would be entirely different.

5. All the Organization can Afford Approach

It involves the income statement and the balance sheet. It asks how much is available to the firm. This question is partially answered by anticipated sales and margins. The decisions based wholly on them ignore the requirements of the advertising. The basic weakness is that it does not solve the problem of "how much should we spend" by asking: "What can we profitably spend?" In some instance, companies adopt pricing policies or others strategies intended to yield more advertising rupees. Some may spend whatever rupees are available for promotion, the only limit being the firm's need for liquidity.

This approach does ensure that advertising expenditures are assessed in the light of the profit objectives. It does put advertising in perspective with other corporate functions as contributors to the achievements of objectives.

6. By Using Judgment

This method relays upon the judgment of experienced managers. Over the years, some of these individuals develop a feel for the market that permits them to arrive at appropriate decisions, given the organization's objectives and limitations. It is a vital input for the determination of the budget. When the management uses other methods, it should temper them with the judgmental evaluations made by experienced managers. Judgment is subject to error and bias. Other methods should supplement this technique.

To conclude, promotion may be viewed as a long-run process. Joel Dean has indicate that advertising should be seen as a business investment, in the same sense as opening a new plant or spending additional funds on improved package design.

Summary

Strategy, tactics, and campaign are words drawn from military dictionary. All of these are essential for conducting warfare. Brand management in highly competitive world is also like warfare. The right strategies and tactics are needed to have desire effect on the consumer. Strategy is the art of deploying available resources to attain objectives in the face of active opposition.

An advertising plan aims at providing a flow for the execution of creative media and execution strategies. An advertisement strategy, hence, can be described as the communication that convey brand's primary benefits, that is, how it can solve a consumer need.

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Lesson 1.5 - Strategic Media Planning

Learning Objectives

After reading this lesson, you should be able to:

➢ Have an overview of the media scenario, various kinds of media, and their relative characteristics

➢ Understand the role of media planning in advertisement

➢ Delineate various media information sources that are crucial in the making of a media plan.

Selecting Media Outlets

With an objective and a budget in place, the advertising campaign will next need to focus on developing the message. However, before effort is placed in developing a message the marketer must first determine which media outlets will be used to deliver their message since the choice of media outlets guides the type of message that can be created and how frequently the message will be delivered.

An advertising message can be delivered via a large number of media outlets. These range from traditional outlets, such as print publications, radio and television, to newly emerging outlets, such as the Internet and mobile devices. However, each media outlet possesses different characteristics and, thus, offers marketers different advantages and disadvantages.

The characteristics by which different media outlets can be assessed include the following seven factors:

1. Creative Options
2. Creative Cost
3. Media Market Reach
4. Message Placement Cost
5. Length of Exposure

6. Advertising Clutter

7. Response Tracking

Creative Options

An advertisement has the potential to appeal to four senses – sight, sound, smell and touch. (It should be noted that promotion can also appeal to the sense of taste but generally these efforts generally fall under the category of sales promotion which we will discuss in a later tutorial.) However, not all advertising media have the ability to deliver multi-sensory messages. Traditional radio, for example, is limited to delivering audio messages while roadside billboards offer only visual appeal. Additionally, some media may place limits on when particular options can be used. For instance, some search engines or websites may only accept graphical-style ads, such as images, if these conform to certain large dimensions and limit small advertising to text-only ads.

Creative Cost

The media type chosen to deliver a marketer's message also impacts the cost of creating the message. For media outlets that deliver a multi-sensory experience (e.g., television and Internet for sight and sound; print publications for sight, touch and smell) creative cost can be significantly higher than for media targeting a single sensory experience. But creative costs are also affected by the expectation of quality for the media that delivers the message. In fact, media outlets may set minimal production standards for advertisements and reject ads that do not meet these standards. Television networks, for example, may set high production quality levels for advertisements they deliver. Achieving these standards requires expensive equipment and high cost labor, which may not be feasible for small businesses. Conversely, creating a simple text only Internet advertisement requires very little cost that almost anyone is capable of creating.

Media Market Reach

The number of customers exposed to a single promotional effort within a target market is considered the reach of a promotion. Some forms of advertising, such as television advertising, offer an extensive reach, while a single roadside billboard on a lightly traveled road offers very limited reach.

Market reach can be measured along two dimensions: 1) channels served and, 2) geographic scope of a media outlet.

➢ Channels Served - This dimension relates to whether a media outlet is effective in reaching the members within the marketer's channel of distribution. Channels can be classified as:

- Consumer Channel – Does the media outlet reach the final consumer market targeted by the marketer?

- Trade Channel – Does the media outlet reach a marketer's channel partners who help distribute their product?

- Business-to-Business – Does the media outlet reach customers in the business market targeted by the marketer?

➢ Geographic Scope – This dimension defines the geographic breadth of the channels served and includes:

- International – Does the media outlet have multi-country distribution?

- National – Does the media outlet cover an entire country?

- Regional – Does the media outlet have distribution across multiple geographic regions such as counties, states, provinces, territories, etc.?

- Local – Does the media outlet primarily serve a limited geographic area?
- Individual – Does the media outlet offer individual customer targeted?

Message Placement Cost

Creative development is one of two major spending considerations for advertising. The other cost is for media placement; the purchase of ad time, space or location with media outlets that deliver the message. Advertising placement costs vary widely from very small amounts for certain online advertisements to exorbitant fees for advertising on major television programs. For example, in the United States the highest cost for advertising placement occurs with television ads shown during the National Football League's Super Bowl championship game where ad rates for a single 30-second advertisement exceed (US) $2.5 million. By contrast, ads placed through online search engines may cost less than (US) $1 dollar.

Media outlets set placement cost using several factors though the most important are determined by audience size, audience type and an advertisement's production characteristics:

➢ Audience Size – Refers to the number of people who experience the media outlet during a particular time period. For example, for television outlets audience size is

measured in terms of number of program viewers, for print publications audience is measured by number of readers, and for websites audience is measured by number of visitors. In general, the more people experiencing a media outlet, the more the outlet can charge for ads. However, actual measurement of the popularity of media outlets is complicated by many factors to the point where the media outlets are rarely trusted to give accurate figures reflecting their audience. Today nearly all media outlets rely on third-party audit organizations to measure audiences and most marketers rely on these auditors to determine whether the cost of placement is justified given the audited audience size.

➢ Audience Type – As we have discussed many times in the Principles of Marketing tutorial, the key to marketing is aligning marketing decisions to satisfy the needs of a target market. A well-defined target market is critical to successful marketing and vital to a successful advertising campaign. When choosing a media outlet, selection is evaluated based on the outlet's customer profile (i.e., viewers, readers, website visitors) and whether these match the characteristics sought by the marketer's desired target market. The more selectively targeted the audience, the more valuable this audience is to advertisers since with targeted advertising promotional funds are being spent on those with the highest potential to respond to the advertiser's message. The result is that media outlets, whose audience shares very similar characteristics (e.g., age, education level, political views, etc.), are in a position to charge higher advertising rates than media outlets that do not appeal to such a targeted group.

➢ Characteristics of the Advertisement – Media outlet also charge different rates based on creative characteristics of the message. Characteristics that create ad rate differences include:
  ● Run Time (e.g., length of television or radio ads)
  ● Size (e.g., print ads size, billboard size)
  ● Print Style (e.g., black-and-white vs. color)
  ● Location in Media (e.g., back magazine cover vs. inside pages)

Length of Exposure

Some products require customers be exposed to just a little bit of information in order to build customer interest. For example, the features and benefits of a new snack food can be explained in a short period of time using television or radio commercials. However, complicated products need to present more information for customers to fully understand the product. Consequently, advertisers of these products well seek media formats that allot more time to deliver the message.

Media outlets vary in how much exposure they offer to their audience. Magazines and other publications provide opportunities for longer exposure times since these media types can be retained by the audience (i.e., keep old magazines) while exposure on television and radio are generally limited to the time the ad was broadcast.

Advertising Clutter

In order to increase revenue, media outlets often include a large number of ads within a certain time, space or location. For instance, television programs may contain many ads inserted during the scheduled run-time of a program. A large number of advertisements create an environment of advertising clutter, which makes it difficult for viewers to recognize and remember particular advertisements.

To break through the clutter advertisers may be required to increase the frequency of their advertising efforts (i.e., run more ads). Yet greater advertising frequency increases advertising expense. Alternatively, advertisers may seek opportunities that offer less clutter where an ad has a better chance of standing out from others. This can be seen with online downloads (e.g., podcasts) of sports and news programming where a 5-10 minute story will be presented with a single 30-60 second ad.

Response Tracking

As we noted in Part 13: Advertising, marketers are embracing new technologies that make it easier to track audience response to advertisements. Newer media developed using Internet technology offer effective methods for tracking audience response compared to traditional media. But Internet-media are not alone in providing response tracking. Other advertising outlets, such as advertising by mail and television infomercial programming, also provide useful measures of audience reaction.

Creating a Message

An effective communication requires the message source to create (encoding) a message that can be interpreted (decoding) by the intended message receiver. In advertising, the act of creating a message is often considered the creative aspect of carrying out an advertising campaign. And because it is a creative process, the number of different ways a message can be generated is limited only by the imagination of those responsible for developing the message.

When creating an advertising message the marketer must consider such issues as:

> General Message Factors
> Message Structure
> Message Testing

General Message Factors

When developing the message the marketer must take into consideration several factors including:

> Characteristics of the Target Audience – The makeup of the target audience (e.g., age, location, attitudes, etc.) impacts what is conveyed in the message.

> Type of Media Used – The media outlet (e.g., television, print, Internet, etc.) used to deliver the message impacts the way a message will be created.

> Product Factors – Products that are highly complex require a different message than simpler products. Additionally, the target market's familiarity with a product affects what is contained in a message. For instance, a new product attempting to gain awareness in the market will have a message that is much different than a product that is well-known.

> Overall Advertising Objective – As mentioned, the objective of the advertising campaign can affect the type of ad that is designed. For example, an advertisement with the objective of stimulating immediate sales for an existing product will be different than an advertisement that seeks to build initial awareness of a new product.

Message Structure

Most advertising messages share common components within the message including:

> The Appeal – This refers to the underlying idea that captures the attention of a message receiver. Appeals can fall into such categories as emotional, fearful, humorous, and sexual.

> Value Proposition – The advertising message often contains a reason for customers to be interested in the product which often means the ad will emphasize the benefits obtained from using the product.

> ➤ Slogan – To help position the product in customer's mind and distinguish it from competitors' offerings, advertisements will contain a word or phrase that is repeated across several different messages and different media outlets.

Message Testing

Before choosing a specific message marketers running large advertising campaigns will want to have confidence in their message by having potential members of the targeted audience provide feedback. The most popular method of testing advertising for the marketer (or their ad agency) is to conduct focus groups where several advertising messages are presented. On the Internet, advertising delivery technology allows for testing of ads by randomly exposing website visitors to different ads and then measuring their response.

Evaluating Campaign Results

The final step in an advertising campaign is to measure the results of carrying out the campaign. In most cases the results measured relate directly to the objectives the marketer is seeking to achieve with the campaign. Consequently, whether a campaign is judged successful is not always tied to whether product sales have increased since the beginning of the campaign. In some cases, such as when the objective is to build awareness, a successful campaign may be measured in terms of how many people are now aware of the product.

In order to evaluate an advertising campaign it is necessary for two measures to take place. First, there must be a pre-campaign or pre-test measure that evaluates conditions prior to campaign implementation. For instance, prior to an advertising campaign for Product X a random survey may be undertaken of customers within a target market to see what percentage are aware of Product X. Once the campaign has run, a second, post-campaign or post-test measure is undertaken to see if there is an increase in awareness. Such pre and post testing can be done no matter what the objective including measuring the campaign's impact on total product sales

Summary

An advertising message can be delivered via a large number of media outlets. These range from traditional outlets, such as print publications, radio and television, to newly emerging outlets, such as the Internet and mobile devices. However, each media outlet possesses different characteristics and, thus, offers marketers different advantages and disadvantages.

Self Assessment Questions

1. Define Advertising.
2. Trace out the origin of Advertising.
3. Enumerate the classification of advertising.
4. Write short notes on
   (a) Product advertising
   (b) Retentive advertising
   (c) Institutional advertising
   (d) Pioneer advertising
5. What is an agency & explain different types of agencies?
6. What are the functions of an advertising agency?
7. What are the advantages of using an agency?
8. What are the criteria for selecting an agency?
9. Bring out the relationship between advertiser and advertising agency
10. What is strategic planning?
11. What are the different steps in strategic planning process?
12. Explain different approaches involved in advertising budget allocation.
13. What are the different types of media outlets?
14. What are the different characteristics for assessing media outlets?
15. What do you understand by media market reach? Explain.
16. Write short note on following
    (a) Direct mail
    (b) Internet advertising
    (c) Mobile device advertising
    (d) Sponsorship

CASE STUDY

A young MBA Mr. Ram Kumar got an opportunity for a job in Sydney,Australia. The contract was for 3 years only. Mr. Ram Kumar did not want to stay in Australia, but interested to start a business in India. He was based in Mumbai and had earned enough money to start his own business in India. While in Australia he got very interested in water beds which were used by many households. He listed the advantages of the water beds:

(a) Water beds were made of PVC mattress full of water.

(b) The water needed to be changed once in six months.

(c) The water could be heated in winter to keep warm.

(d) It applied equal pressure on every points of the body.

(e) This ensured healthy and comfortable sleep.

(f) PVC used in water beds was of very high quality. It was sturdy and could stand considerable impact if children would play on it.

(g) It would not damage or leak.

(h) It was also used in hospitals and patients at home.

After enlisting these attributes of water beds Mr. Ram Kumar started manufacturing water beds and needed to communicate customers of its use and advantages.

Questions

1. Suggest advertising strategies for this product.

2. After a few years, Mr. Ram Kumar made product specially for hospitals and patients and sold them for a low cost ₹ 2500, this led to greater sales and usage. What change in the strategies be then made for cheaper products.

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UNIT - II

Unit Structure

Lesson 2.1 - Copy Decisions

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the and concept meaning of copy decision
- ➢ Understand the strategy of copy writing.
- ➢ Understand the elements of copy writing
- ➢ Know the meaning of Brand equity
- ➢ Examine the method of building, measuring & managing brand equity
- ➢ Link advertising and sales promotion to achieve brand standing

Know the role of brand values for Business and non-business organisations

Introduction

Copy writing is a specialised form of communicating ideas that are mean to serve the requirements of modern marketing. It helps in establishing links between advertisers and their prospect. It utilises words to convey messages having commercial, informative or persuasive value through various media and its success is indicated by the acceptance by the audience of the idea or claims made for goods or services. The results come from what words convey in terms of benefits and satisfaction. e.g., advertisement for prestige pressure cooker highlights the gasket release system which makes the new prestige pressure cooker the only 100 percent safe pressure cooker made in India.

Copy writing, illustrating, and lay out are different activities associated with the creative stage of advertising development and are usually done by different people who specialize in one or the other. *Copy writing* in print is the activity of actually putting words to paper, particularly those contained in the main body of the text, but also including attendant bylines and headlines. In broadcast, the copywriter is is, in effect, a script writer who develops the scenario or script to be used in a radio or television medium; writing a jingle, or the lyrics for the music, may also be involved. *Illustrating* is usually the work of an artist in the case of television. *Layout* generally refers to the activity of bringing all the pieces together and, it differs in case of print and broadcast. John Caples in his book, he develops a checklist of important guidelines for copywriting:

1. Cash in on your personal experience
2. Organise your experience
3. Write from the heart
4. Learn from the experience of others
5. Talk with the manufacturer
6. Study the report
7. Review previous advertising for the product
8. Study competitors' ads.
9. Study testimonials from the customers
10. Solve the prospect problem
11. Put your subconscious mind to work
12. "Ring the changes" on a successful idea

Strategy in Copy Writing

A copy writer performs a highly responsible role of fully understanding the market strategy and integrating it, through creative strategy, in the copy. The job also involves coordination with visualisers for bringing in suitable illustrations which will highlight the effect of the copy and make it appealing and completely comprehensible. A copy writer must, therefore, be totally familiar with the marketing goals of the advertiser and specific advertising objectives.

Visualisation and Copy Layout

The first expectation from an advertisement is that it must arrest attention. How the advertisement is presented in terms of its visual appeal in an important consideration

for the agency and the advertiser, and it is here that the role of lay out in the advertisement comes in Visualisation ia at times confused with the term illustrations and layout. However, visualization comes much before layout and art work stage. Visualisation is the process of forming mental image, picture, or representation of an object or idea, while the layout is the physical arrangement of the elements in an advertisement, that is, the presentation of the mental idea. According to Dorothy Cohen (1988), much of the creativity in advertising evolves from the process of visualization and the countless ways in which mental images can be made to represent ideas. A layout shows how an advertisement will look, after combining all the elements, viz. picture, illustration, headline, body text, logo, coupon, mission statement, etc. It gives the advertiser a fair idea about how the advertisement is finally going to look

Copy Layout

Layout is the logical arrangement of components of an advertisement in the copy. It refers to the overall structure, the position assigned to the various elements of the copy and illustrations. It is deciding on the placement of headlines, copy, illustration, marketers name, logo and the amount of free space in an advertisement copy. Thus, the physical arrangement of all the elements of advertisement is called layout. It is concerned with placing all the elements of the advertisement more attractively within the allotted space and time. The pattern of layout varies according to the medium to be used.

Preparation of a Layout

A layout is a plan for the guidance of the printer in arranging the units of an advertisement. Usually the layout man or visualiser prepares a rough layout which is submitted to the client for approval and he draws the finished layout for the guidance of the printer.

A layout is a plan for the guidance of the printer in arranging the units of an advertisement. Usually the layout man or visualiser prepares a rough layout which is submitted to the client for approval and he draws the finished layout for the guidance of the printer. In the creation of television commercials the layout is known as a '**Storyboard'** which is a series of pictures that coincides with the audio or sound script. A Radio does not utilize illustrations, except those that the medium can create with a description. Television, of course makes an extensive use of illustrations. A well conceived layout can be instrumental in obtaining attention comprehension, attitude change and behavior change. Advertisers employ various layout techniques to attain their objectives.

Functions of an Advertising Layout

An advertisement layout is a blueprint. The main functions of layout are:-

i. **Assembling different Parts**

The main function of layout is to assemble and arrange different parts or elements of an advertisement illustration, headline, sub headlines, slogans, body text and identification mark and boarder and other graphic materials – into a unified presentation of the sales message. In all the layouts these elements are presented in the same size, form, shape, position and proportion as desired by the advertiser in the final ad proof. Thus layout gives both creative personals (copywriter and artists) and the advertiser who pays for it a good idea of how the finished ad will finally appear.

ii. **Opportunity of Modification**

The layout offers an opportunity to the creative teams, agency management and the advertiser to suggest modification before its final approval and actual construction and production begins.

iii. **Specification for Costs**

The layout provides specification for estimating costs and it is a guide for engravers typographers and other craft workers to follow in producing the advertisement.

Principles of Design and Layout

It is not necessary that all elements of advertisement copy must form part of the copy. They appear in today's ads with varying degree of frequency. The components of the copy must be decorated or positioned on the basis of certain basic principals regardless of the number of elements in an add. The following five principles of good composition are important to anyone who creates or evaluates the advertisement -

(1) Balance ;
(2) Proportion
(3) Contrast and emphasis,
(4) Eye –movement, and
(5) Unity.

1. Balance

A layout may be called balanced if equal weight or forces are equidistant from a reference point or a light weight is placed at a greater distance from the reference point than a heavy weight. Balance is the law of nature. The reference point or fulcrum is the optical centre of the advertisement. The artists with a given area or space, are to place all the elements with in this space. Optical centre of fulcrum of the ad is often a point approximately two – thirds of the distance forms the bottom. It is the reference of the layout.

2. Proportion

Proportion is closely related to balance since it refers to the division of space among layout elements for a pleasing optical effect. Good proportion in an advertisement requires a desired emphasis on each element in terms of size and position. If the major appeal in an advertisement is product's price. The price should be displayed in proportionate space position.

3. Contrast and Emphasis

Contrast means variety. It gives life to the whole composition and adds emphasis to selected important elements. An advertiser always looks to advertisements from completion point of view and desires the policy of the most important elements to attract the attention of the people. An advertisement with good contrast may attract the attention of customers contrast maybe visible in a number of ways. It may be witnessed through sizes, shapes and colours. Different colours sizes and shapes of elements in an advertisement add contrast. The varying directions, of design elements (Vertical trees, horizontal pavements arched rainbows) add contrast. There must be sales communication purpose behind every layout decision made.

4. Eye Movement

Eye movement is the design principle which helps move the eyes of the readers from element to element in the order given in the hierarchy of effects model for effective communication of the message in advertising. An effective ad uses movement to lead its reading audience from initial message awareness through product knowledge and brand preference, to ultimate action (intent to purchase). Direction and sequence are two terms for the same element and artists may perform it in many ways. Mechanical eye direction may be created by devices such as pointing fingers lines arrows or even a bouncing ball that moves from unit to unit. Planned eye movement should follow the established reading

patterns too, such as the tendency to start to top left corner of a page and read through to the lower right corner. The eyes also moves naturally from large items to small from dark to light and from colours to not – colours.

5. Unity or Harmony

Unity or harmony is another important design principle. Although each element should be considered as a separate unit in striving for balance, proportion, contrast and eye movement the complete layout or design should appear as a unified composition. Common methods of securing unity in layouts are (i) use of consistent typographical design. (ii) repetition of the same shapes and motifs, (iii) the overlapping of elements (iv) use of a boarder to hold elements together and (v) avoidance of too much space between various element.

Although unity and contrast seem conflicting but they function quite smoothly together if they operate at cross purposes, if the artists strive for balance here as well as in the layout overall. Unity contributes orderliness to elements – a state of coherence, if they are properly placed. Contrasting size**,** shapes, colours and directions can flow together beautifully.

Elements of a Layout

An advertising copy is the means by which the advertiser's ideas are given expression to in a message to readers. Regardless of its length and brevity copy refers to all the reading matters of an advertisement, including the headline, sub- headlines, text or body, and the name of the firm or the standard initials of the advertiser. As we have seen that advertising has so many immediate purposes but its ultimate goal is to stimulate sales. As a reader turns the pages of a magazine or newspaper, he notices so many advertisements but a great variation in copy. Some copy may be so sticking that the reader takes immediate action and rush to the nearest dealer to purchase it while there may be some other copy or copies that he does not like or it does not click to his mind. The first copy conforms to the requisites of a good copy. A copywriter must take pains in making up a sound advertisement copy containing its various components i.e. headlines, subhead lines, illustrations etc. The following are the main components of an advertisement copy

1. Background	9. Name Plate
2. Border	10. Price
3. Caption	11. Product
4. Coupon	12. Slogan

5. Decoration	13. Space
6. Heading	14. Sub-heading
7. Illustration	15. Text
8. Mascot	16. Trademark

1. Background

The background for the advertisements should be somewhat catchy and colourful. The arrangement of background differs from medium to medium and advertisement to advertisement. In short, background should be suitable for the contents of the advertisement.

2. Border

It is defined as the frame of the advertisement. Border is employed to impart the reading atmosphere. The border may be light or heavy, obvious, plain or fanciful. The border may also contain a logo.

3. Caption

It refers to the subtitle. But in most of the advertisement it is converted into heading or sub-heading.

4. Coupon

Coupon is that part of the advertisement which is intended for the convenience of the prospective customer in communicating with the advertiser. The coupon must contain the name and full postal address of the firm followed by the offer. The offer should be brief and clear. There should be space for name and address of the prospective customer. The usual shape of the coupon is triangular or rectangular.

5. Decoration

Advertisement decoration is the ornament of the advertisement. This is done to emphasis the advertisement message.

6. Heading

The heading or headline is defined as the title of the advertisement. The words in the heading should be short.

7. Illustration

Illustrations are the part of layout that pictures the basic theme of the advertisement. It has the power to capture the attention of the reader. The advertisements become richer by the use of illustrations.

8. Mascot

It is known as the trade character or trade figure. It is an illustration of either a real or an imaginary figure or personality given in the advertisement.

9. Name Plate (Logo)

The name plate or name block is the signature of the advertiser. It represents the personality of the company and its product.

10. Price

It is another part of layout. The price of the product should be featured clearly. The price is usually taken in the concluding lines of the copy.

11. Product

It refers to the representation of the product offered for sale. A very popular practice is to show the product in use with illustrations.

12. Slogan

Slogan is a sales argument. The arrangement of slogan in the layout is determined by the importance of its relation to the advertising message.

13. Space

Space refers to the entire space left in the space hired by the advertiser. This depends on the design of the copy.

14. Subheading

It is a secondary heading. It is given to support the heading or to pick out the various selling points given in the text.

15. Text

Text or body of the advertisement refers to the general reading matter. It is the subject matter of the copy. It should be neither too wide nor too narrow.

16. Trade Mark

It is a word or design by which a product is defined. If the trademarks are registered it can be included in the layout.

17. Colour

Colour is another element of lay out and can be used with impact only if its dimensions are understood. Basic principles of lay out design are the same for both colour and black-and-white. The decision to use colour, and how much of it, can influence the development of copy and art and the production of finished print advertisement. The use of colour directly influences the cost of advertisement but offers significant advantages.

- ➢ Colour adds attention-capturing value to the advertisement.
- ➢ Colour can help in imparting emphasis to important elements in an advertisement..
- ➢ Colour can add as sense of realism or atmosphere.
- ➢ Colour imparts a feeling of quality and prestige to the advertisement.

Design Principles

Advertising must be designed to attract consumer attention immediately as the advertiser has only a second or two to capture the reader's attention. Good design not only commands attention but also holds it and communicates as much information as possible in the shortest amount of time and makes the message easier to understand. The basic design rules include the following;

The eight laws of design

The basic principles of design, which can be applied to advertisements, are:

- ➢ Law of unity
- ➢ Law of variety
- ➢ Law of balance

- ➤ Law of rhythm
- ➤ Law of harmony
- ➤ Law of proportion
- ➤ Law of scale
- ➤ Law of emphasis

The details of these principles are discussed below.

Law of Unity

Unity is considered as the most important design principle. All creative advertising has a unified design. The complete lay out (copy, visual, headline, logo etc.) should appear as a single unified composition. Unity contributes orderliness to elements.

Law of Balance

There is a belief among many designers that balance is a fundamental law of nature. Balance means controlling the size, tone, weight and position of the elements in the advertisement. It occurs when equal weights of forces are equidistance from a reference point, which is the imaginary vertical line drawn from the centre of the advertisement.

One can test the balance by examining the relationship between the right and left halves of the advertisement. when the weight of all elements on both sides of the vertical centre line is equal, the lay out has formal balance.

Such symmetrical advertisements give an impression of stability and conservatism. when the equilibrium is achieved by placing elements of different weights at unequal distance from the optical centre, the lay out has informal balance. This type of arrangement requires more thought than simple formal balance, however, the effects can be imaginative and distinctive.

Law of Rhythm

Even though a printed advertisement is static it it is still possible to obtain a sense of movement so that the eye is carried down and through the advertisement. A simple device is to indent paragraphs of text so that the eye is led from paragraph to paragraph. But the general flow of the overall designs should be pleasantly rhythmic.

Law of Harmony

There should be no sharp annoying and jerky contrasts. Variations in size, shape, and colour of lay out elements create contrast. Altering type to bold or italic brings attention to a word or phrase and creates contrast between type elements.. All the elements should harmonise, helping to create unity.

Law of Proportion

This applies to division of space among lay out elements. That is, accentuating or focusing on an element or group of elements so that they stand out among elements of lay out for pleasing optical effect. The designer decides where to put more stress on illustration, headline, the logo, or the copy. If all the elements get equal emphasis, the advertisement ends up with no emphasis at all. The wider the column the larger the font size and vice versa. A narrow advertisement needs small text, but a wide advertisement needs larger text. Wider columns and larger font also need greater interline spacing.

Law of Scale

Visibility of the advertisement depends on the scale of tones and colours, the law of scale can be used with typographical design when headlines and subheading are made to contrast with grey areas of text type. Where colours are concerned, this principle can be applied where full colour is used in the advertisement.

Law of Emphasis

Here the rule is that *all emphasis is no emphasis*, which occurs if too much bold type is used, or there are too many capital letters. A sentence in upper and lower case lettering reads more easily than one wholly in capital letters. An advertisement can be made to look interesting if there is emphasis such as bold type or certain words are emphasized in different colour.

Summary

Copy writing is a specialised form of communicating ideas that are mean to serve the requirements of modern marketing. It helps in establishing links between advertisers and their prospect. It utilises words to convey messages having commercial, informative or persuasive value through various media and its success is indicated by the acceptance by the audience of the idea or claims made for goods or services.

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Lesson 2.2 - Creativity in Advertising

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the creative process
- ➢ Learn the designing of creative process
- ➢ Discuss the classification of advertising copy

Introduction

The creative part of advertising involves the process of selecting and presenting the messages. The business of conceiving, writing, designing and producing these messages is called "advertising creativity" and the key wordsmith is called a copywriter or copy chief or copy supervisor. The success of advertising depends to a great extent on the quality of the message or copy of advertisement rather than the money spent on advertising.

The conventional theory of advertising includes the concept of AIDA (Attention, Interest, Desire and Action). Most of the advertisers believe that the message in advertisement copy must attract the attention and interest of the consumer if buying is to result. But they forget that only good advertisement copy or good message can attract the attention and interest of the receiver until and unless the much advertise product attributes have a strong impact on consumers. The consumers come to know the existence of the product only through the advertisement. Advertising tries to persuade the consumers that they need the product. But if the product attributes fail to satisfy the need of buyers, good creativity will not pay.

Creativity is an art. An artiste, writer, poet, novelists, play writer takes well known ideas, words and phrases and relates them in a fresh, often brilliant manner while preparing an advertising copy. They combine the product attributes and the ideas, words and phrases in such a manner that persuades the consumers to buy the product. This combination really represents and art or a creativity. A child can draw a smiling picture of a woman, but it does not carry a creative message of some worth.

The advertising copy writer writes with a purpose to achieve client's objectives to express features or attributes of particular products and services, presented in terms of consumer benefits and in the language most appropriate to defined target audience. Thus advertising messages should present merchandise in ways that interest people in buying. Print ads and broadcast commercials portray products as problem solvers or methods whereby wants and needs may be fulfilled.

When creating, copy writer builds messages according to specific plans, to fulfill specific objectives; therefore he should follow a disciplined way in creating them. In the words of Alfred Polite – "Advertising creativity has to follow rules which are guided by a well defined purpose, by an analysis of thoughts supplied by imagination, by a selection of the useful ones which meet the purpose.

Activities Comprising Creative Design Task Process

Although there is no one set form for designing the process there are various variables that are typically parts of the creative design process. These activities are:

(1) Advertising Objectives

The main objective of advertising is to aid the selling process through communication with existing and prospective customers. Most advertisements inform and persuade. Some are designed to establish attitudes and buying behaviors of the patterns. Still others strive to reinforce or to change existing shopping habits brand images and usage patterns. The advertisement copy must achieve the advertising communication objectives. Now, it is the responsibility of the creative specialists to translate the information available to them into an advertisement or a basic theme for an advertising campaign that will achieve the advertiser's objective.

(2) Information to creative People

The second task of the creative people, after getting the advertising objectives, is to product for collecting various information relating to the product and the marketing mix. Creative design people prepare for the design task by examining the information on the product which is to be offered in the advertising. This makes for the integration of advertising messages with the other components of the marketing mix. Such types of information may be gathered in meetings between the creative personnel and the marketing managers for the product.

(3) Target Audience

The next step in the creative process is to make the copywriter available description of the demographic and psychographic make-up of the specific target audience for whom the ad is being created vis-à-vis the product. Quantitative data such as age, sex, marital status, occupation, income, education, place of residence, must be supplemented by information on consumer attitudes (related to advertised product, and its competitors as well as to the types of creative claims being considered for the message)on relevant media, shopping and buying habits and on product usages. Thus any information that describes target audience is useful.

(4) Copy and Layout Design

The next task before the creative personnel is to turn to the creative task which is the design of the copy and layout. Creative personnel, including, artists, art directors, and copy writers, must design an approach to the communication of the messages that carry pre-determined advertising objectives. Part of the process involves writing copy, the verbal text of the advertisement. The copy then must be integrated with illustrations into an overall design for the advertisement's layout. The design of the copy and the layout is an art that requires special skills..

(5) Credibility or Back-up Claim

whatever message is designed, it must be a cluster of truth. Truth is essential in advertising. The truth is not truth until people believe in it. They cannot believe in it if they do not know what we are saying if they do not listen to us; they cannot listen to us unless we are interesting and finally we can be interesting if we say facts in a fresh, original and imaginative way. In order to establish credibility for our promises, we need to support it with facts and with satisfactions. So, truth is essential in advertising and must be supported with facts.

(6) Copy Layout Tests

The role of creativity in advertising is very important and should not be underestimated. An important aid to the creative design task is the use of copy layout tests to assess and compare alternatives. After the copy layout is released, samples can be drawn from target audiences to test its effectiveness in specific conditions. Then respondents are asked to give their opinion on the various aspects of the ad including how well it can be seen or read or heard under specific conditions, how quickly and easily the message can be

understood, how interesting an ad is, how believable it is or how it will influence audience behavior.

(7) Allocation to Creative Task

The next important task to creativity is the allocation of funds towards this task. Since there is little in the way of modeling effort to help in this decision, the allocation task is usually done judgmentally.

(8) Creative Strategy and Tactics

Finally every copy strategy must describe the mood and tone of all the forthcoming ad or commercial; cheerful, dramatic, business like and whatever. All types of written materials, such as art work, layout and script must be used as components of printed or broadcast advertisements.

Thus, creativity in advertising is the most important part of the advertising programme. It is an art and should be provided sufficient funds in order to achieve the business and marketing objectives.

Criteria for Effective Copy

The importance of a good advertisement copy can hardly be overemphasized. All the planning, research and expense would go waste if proper care is not taken in drafting an advertisement copy that will achieve the purpose of advertising.

The psychological aims of an advertisement are that the public must be made to (i) look, (ii) like, (iii) learn and (iv) buy. In other words a scientifically drafted copy should (a) attract primary initial attention, (b) hold attention in an interesting way, awaken and stimulate interest, (c) bring about an association of impression which will have permanence or memory value, (d) convince persuade, and induce to purchase the product, and (e) suggest and lead to specific response to encourage the decision to buy.

The person who drafts and prepares the copy, must be thoroughly acquainted with the mental process and be imaginative enough to think of words and patterns which may produce a desired effect on prospects i.e., it must creates an urge in the minds of prospects to go for the product advertised.

A good copy of advertisement should possess the following characteristics or qualities value-

(1) Attention Value,

(2) Suggestive Value,

(3) Memorising Value,

(4) Conviction Value,

(5) Sentimental Appeal Value

(6) Educational Value,

(7) Instinctive Value

Attention Value

An advertisement copy must attract the attention of potential consumers. If it fails in this mission, the whole money and efforts will go waste though it possess all other values because everything else follows this. So, it must have display value.

The copy should be planned, drafted and displayed in such a way that it must compel even the most casual or involuntary reader to notice it and read it \with interest. It should be designed in such a fashion that the attention of busiest person may be drawn immediately. Various device can be used to make the copy attractive such as; use of pictures, use of display type or heading, boarder etc.

Suggestive Value

The next task would be to offer a suggestion about the use and the utility of the product that may remain inscribed on the mind of the reader even when he forget where he really saw the advertisement. Slogans, Pictures, phrases and suggesting may be used for this purpose. They should be drafted and used as to drive home to the reader the utility of the product in everyday situation.

Memorising Value

The copy of the advertisement should be so drafted and laid out that the product will stick to the mind of the individual reader. Repetition of advertisement with slogan is an effective method of creating a memorising value. Pictures and photographs confirming to the suggestions will have tremendous memorising value.

Conviction Value

An advertisement copy can prove effective and achieve the desired end when the suggestions contained in it are backed by convincing arguments. The advertiser must be careful to include the statement in the advertisement copy which does not conform to the product.

Sentimental Value

Sentiment plays a very important role in advertising particularly in the case of food articles. Sentiment reflects the personal feelings and attitudes of an individual towards various things. They indicate reactions of a person in favour or against a particular product. The advertiser or manufacturer should make a sincere attempt to make an appeal to the sentiments of as many prospects as possible.

Educational Value

A good copy of advertisement must possess educational value because the object of modern advertising is not merely to satisfy existing demand but to create future demand. So a good copy of advertisement should educate the general public about the uses of the new product or the new uses of the same product. It will certainly increase the demand of the product and demand creation is one of the most important objectives of the advertisement.

Instinctive Appeal Value

Human thoughts and actions are guided by instincts and inclination. All that one thinks or does has its roots in one instinct or other. Instincts are the underlying forces which compel the men to act in certain ways.

The most important function of an advertisement copy is induce, persuade and motivate the prospect to think' well of a product and to take to its use. Advertising essentially, is the motivation of potential consumer and for this purpose; the advertiser should attempt to make an appeal to some basic instincts to get success in motivating the prospects. Generally speaking, the following are the basic instincts which an advertiser should keep in his mind-

a) **Self Preservation Instinct –** Many of our thoughts and actions are inspired by our anxiety to preserves our person our health, our family and our belongings. The sale of products like medicines, clothes etc., may be promoted by appeal to this anxiety.

b) **Hoarding Instinct –** Banking institutions, insurance companies or other government and non- government saving organizations serve to hoarding instinct of the people. Slogans like 'Up and Up go your Savings' may be used for this purpose.

c) **Parental Instinct –** Parental instinct takes the form of love and affection for the children. Those advertisers who deal in children requirements like garments, toys baby food may promote this instinct in parents i.e., motherly feelings of women or parental sentiments of men through their advertisement copy.

d) **Self Display Instinct –** Instinct of self display is promoted by the advertisers of readymade clothing, women's dresses. Jewellery etc. An advertisement copy drafted for these products must be directed towards the aesthetic sense of the people by showing happy and likeable people in dresses and jewellery that are being advertised.

e) **Something for Nothing Instinct –** Everybody has a vague desire to get something without paying anything for it. This desire is, more or less, present in everybody irrespective of the status or income. An advertisement copy that contains an offer of a prize of a gift is likely to tempt quite a many of the customers. This instinct in widely used by lottery ticket sellers by offering one free ticket with the purchase of 10 tickets or by drycleaners by the offering 'three for two' bargain.

On the basis of the above basic instincts, the following themes or central ideas may be laid down for advertisement copies meant for advertising different types of product-

(i) **Pride –** This theme can be used to popularize luxury articles among riches, the possession of which gives them a distinctive status and a feeling of pride.

(ii) **Beauty –** This theme is used in advertisements for cosmetics, perfumeries, toilet soaps etc., for men and women.

(iii) **Health -** In drugs and food products advertisement this theme is used.

(iv) **Economy –** It is central theme in advertisement of clearance sales or bargain purchases.

(v) **Comfort –** The advertisements for fans, electric appliance refrigerators etc. generally contain this feeling of comforts.

(vi) **Fear –** Themes stressing the fear of death, accident personal loss through burglary frenetic and other untoward happenings in life are generally used by insurance companies or banking companies. The traffic police uses this theme in their notes of caution i.e., life is short don't make is shorter'

(vii) **Parental Affection** - All advertisement copies of products meant for children such as toys, body foods and dresses etc use this feeling.

(viii) **Patriotism** – This theme may be used in advertisement for those who use foreign products.

(ix) **Achievement** – This theme is used generally by large concerns engaged in the production of goods necessary for the development of country's economy.

(x) **Emulation and Imitation** – This theme is used where people buy more not to satisfy their genuine requirement, but as their neighbors happen to possess them.

Thus, a good advertisement copy must possess the above qualities to make it an ideal advertisement.

Classification of Copy

It is true that copywriting is an art and the copywriter has a very important role to play in advertising creativity. Copywriting does not admit any stereotyped rules and classification. There are various styles in which a copy can be prepared and presented. The following types of copy may be studied-

1. Descriptive Copy

This type of copy describes the pertinent and relevant characteristics features of the product. It is very simple and of non- technical nature.

It does not have any specialty which can attract the attention of the target consumers or may compel them to read it. It is very much similar to a press account or news item simply giving relevant information to the public without any stylish touch

2. Scientific Copy

Such types of copies are technical in nature and generally used by drugs and pharmaceutical firms elaborating the propositions of properties and constituents of the product. It provides full information about the product and the producer.

This type of copy is usually meant for professional or for those who are really interested in such types of information.

3. Institutional Copy

Institutional advertisement copy aims at selling the name of the advertiser or the institution that is producing or selling the products or services. The main objective of such type of advertisements is to create, maintain or increase the goodwill of the product or of brand or of the department or of the selling house as a whole, Institutional copy invites the target consumers to the selling outlet. Such a copy seeks to build goodwill through publicizing the policies, customer services, Conveniences and general features of superiority of the store over the rivals.

4. Topical Copy

Herein an attempts is made to appeal to the general public by linking the theme of the copy with some current event but it should not look absurd. It commands a good deal of interest because of that sensational event which lives in the minds of the public.

5. Reason why Copy

This type of advertisement copy offers the readers reasons why they should buy the advertised goods. It narrates the positive points of difference from other brands of the same product category in an endeavour to convince the reader from product's qualitative aspect. It directs its appeal to the intellect or judgment rather than to emotions or senses. It substantiates the superiority of the merchandise with the tests performance and records testimonials, guarantees or construction data.

6. Human Interest Copy

It makes its appeal to the emotions and the senses rather than to the intellect and judgment. Sympathy fear, bonus, curiosity and other emotional appeals like appeals to the senses of sight, hear, touch, taste, and smell are used in such type of copy. Human interest copy presents the product in relation to people instead of confirming to facts about product. As emotions are many and always knew it may be made more exciting an artful than reason why copy. It affords a refreshing change. Human interest copy can take various forms:-

(a) **Humorous Copy** - It exploits the sense of humor of the people. All examples and statements in such copy are fully to make the reader smile and laugh.

(b) **Fear Copy** - It appeals to the sense of fear and arouses the interest of people to save their lives, properties and other belongings. Such copy of advertisement should

be drawn carefully so that it may not carry an unpleasant association of readers' minds with the advertiser's product of business life Insurance Corporation General Insurance Companies and Bank generally use this type of copy.

(c) **Story Copy** - In such a copy a story is narrated in a very interesting manner to create an impression in the minds of the people about the product. Its ability to create interest depends upon dramatic impact it produces. Experience of customers can also be narrated in the story.

(d) **Predicament Copy** – It is often used to advantage when it shows an article of merchandise in a case that provides a dramatic explanation of its advantages. Predicament copy usually overlaps the other three kinds of human interest copies

7. Colloquial copy or Conversational Copy:

The colloquial copy presents the message in the way of conversation. It uses an informal language and conversation takes place in terms of 'I' and 'You' with personal reference to reader and the advertiser. In such copy the style is one of a personal talk or one of an eyewitness account.

8. Personality Copy

This copy attempts to encase the opinion of personality – real or imaginary – about the product. Usually the personality is real. The photograph of the personality (a person specialized to concerned field) is given with the text of the copy with a view to convince the readers through the moral influence of his name. Invariably, such copy shows a certificate or a testimonial of such influential person.

9. Prestige Copy

This pattern is usually for institutional advertising which aims at creating an atmosphere about the product or the firm and may not directly advise the product for sale. Such a copy is occasionally used and is very much similar to the personality copy in impression which also strives to enhance the prestige of the advertising firm indirectly by visualizing the name of the eminent personality.

10. Educational Copy

The copy is designed to educate the general public about the attributes of the product. Usually introductory appeal is made in this style when the product is introduced in the

market for the first time; it is the duty of every producer or advertiser to tell everything relevant about the product to the public in such a manner that it may get a warm welcome among customers. Such an advertisement copy depicts the specialties to the product category. The advertiser may insist only one or two attributes of the product which is more sensational such as introduction of a low priced item without the loss of quality or a product developed from a new technology indigenous or imported etc.

11. Suggestive Copy

A suggestive copy tries to suggest or convey the message to the readers directly or indirectly to pursue them to purchase the product. It is useful where the reader is confused about the quality of a product brand and is not in a position to take a decision about the purchase of the product.

12. Expository Copy

Just opposite of suggestive copy it expository copy. It does not conceal anything about the product but exposes. The message is quite clear and it needs no inference, no taxing on mind, no thinking, Even a cursory glance rakes it quite easy to remembers or to pick – up.

13. Questioning Copy

Questioning copy as the term suggests incorporate a series of questions expected to be answered by the readers. The advertiser puts no narration, statement or reason of its own in order to pursue the readers to buy the product. The question arouses the curiosity in the minds of the readers and makes them think of it.

Thus there are various types of copies of advertisement on the basis of their style of presentation.

Measuring Advertising Effectiveness

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in to advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising.

As soon as the advertising campaign is over, a need generally arises to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms the change in customer' behaviour in favour of the company's product which will naturally, affect the future sale of the product.

In order to measure the effectiveness of advertising copy, two types of tests- pretests and post tests- can be undertaken. Pretests are generally conducted in the beginning of the creation process or at the end of creation process or production stage. There are several pre and post tests techniques to measure the effectiveness of the advertising copy.

The effectiveness of advertising in a particular media may also be measured in any of the following ways – (a) by giving different addresses to different media, (b) different newspapers may be selected for advertisements of different departments, (c) coupon blank etc. May be provided with the advertisement or (d) enquiry from consumers should mention the name of the source of information. The technique is known as keying the advertising.

Thus in measuring the effectiveness of advertising we include measuring of the effectiveness of advertising campaign, advertising copy and the effectiveness of individual media

Summary

The creative part of advertising involves the process of selecting and presenting the messages. The business of conceiving, writing, designing and producing these messages is called "advertising creativity" and the key wordsmith is called a copywriter or copy chief or copy supervisor. The success of advertising depends to a great extent on the quality of the message or copy of advertisement rather than the money spent on advertising. The conventional theory of advertising includes the concept of AIDA (Attention, Interest, Desire and Action). Most of the advertisers believe that the message in advertisement copy must attract the attention and interest of the consumer if buying is to result.

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Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the basic concepts of copy testing
- ➢ Acquainted with the different methods of copy testing
- ➢ Analyze the communication effects of advertising
- ➢ Differentiate communication Effectiveness Vs Sales Effectiveness

Introduction

Copy testing is a tool involving a procedure where the effectiveness of an advertisement is measured before it appears in its final form, during and after its exposure to the audience to determine whether and to what extent, it has accomplished its assigned task. In this way, the copy testing is a method used to control the effectiveness of future advertising. It addresses the following questions –

(a) Will a proposed copy theme be effective at achieving advertising objectives?

(b) Does the set of advertisings that makes up an advertising campaign create the desired interest level and image? And

(c) Will an individual advertisement attract the attention of the audience?

Methods of Copy Testing

The various methods of testing advertising copy are

1. Pre-test methods
2. Post-test methods
3. Concurrent methods

Pre-Test Methods

Pre-test method refers to testing the potentiality of a message or copy before printing or broadcasting. It is useful because the concepts in advertising may appear to be simple and effective to the advertiser or advertising agency. It may be difficult from the layman's point of view. All the elements in the advertising copy requires careful pre-testing to see that the matter it intends to be conveyed has been really conveyed, 'prevention is better than care'. Pre testing methods are adopted on this basis. The following are some of the pre-testing methods.

a. Check list method

b. Consumer Jury method

c. Sales Area Test

d. Questionnaire

e. Recall test

f. Reaction test

g. Readability test

h. Eye-movement test

a. Checklist Method

The copywriters use checklist method to test the effectiveness of advertising copy. The purpose of this method is to ensure that all elements of the advertising copy are included with due importance in the advertisement. As it is a pretest method omissions can be included in the copy before release of the advertisement.

A checklist is a list of good qualities to be possessed by an effective advertisement. The researcher has to compare the advertisement with the checklist and tick the items present in the advertisement copy. Accordingly a copywriter can draw specific conclusions and make suitable changes in the advertising copy.

b. Consumer Jury Method

This method essentially involves the exposure of alternative advertisements to a sample of jury; of prospects and securing of their opinion and reactions to the advertisements. This test is designed to learn from a typical group of prospective customers gathered in one place or a sample of prospects that are independently, visited by interviewers or contacted by mail their preference for one advertisement over the other or for several advertisements out of a group. Advertisements which are unpublished are mocked up on a separate sheet

and these are presented before the consumer jury either in personal interviews or group interviews.

c. Sales Area Test

Under this method advertising campaign is run in the markets selected for testing purposes. The impact of the campaign is evaluated by actual sales in the selected markets. The market with high sales is considered the best market for effective sales campaign. In other markets suitable changes are made in the advertising campaign.

d. Questionnaire Method

It is a list of questions related to an experiment. It contains questions and provides space for answers. The draft of an advertisement along with some relevant questions is to be sent to a group of target consumers or advertising experts. Their opinions are collected and analysed to find out whether the proposed advertisement is satisfactory or not.

e. Recall Test Method

Under this method, advertising copies are shown to a group of prospects. After few minutes they are asked to recall and reproduce them. This method is used to find out how far the advertisements are impressive.

f. Reaction Test

The potential effect of an advertisement is judged with the help of certain instruments, which measure heartbeats, blood pressure, pupil dilution etc. Their reactions reveal the psychological or nervous effects of advertising.

g. Readability Test

All the listeners of advertisements cannot read it equally. So respondents are drawn from different socio economic and geographical backgrounds. This method is used to find out the level of effectiveness when and advertisement is read.

h. Eye Movement Test

The movements of eyes of the respondents are recorded by using eye observation camera when advertisements are shown to them in a screen. This helps to find out the attention value of advertisement.

Post-Test Techniques

The following are the post-test techniques for measuring the effectiveness of the advertisements –

1) Recognition Test

It determines the readership of the advertisement in the newspapers and journals. This test is conducted by personal interviews with readers, and magazines or newspapers. The interviewers locate the readers of the particular issue of the magazine in question. They, then, go through the magazine page by page with the respondent indicating those advertising elements which he or she recognise as having read.

The data collected by this test indicate the proportion of qualified readership of a publication who claims to have 'seen', 'read some' or 'read most of the elements of the individual advertisement. These measurements may also seek to obtain quantitative data regarding the parts of an advertisement which were seen or heard.

2) Recall or Impact Test

The recognition test measurers the stopping power of the advertising but does not tell us what the readers understood or retained of the advertisement. The recall test is designed to measure the impression of readers or viewers of the advertisement. If a reader has a favorable impression of the advertisement, he will certainly retain something of the advertisement. The measures of interest would be obtained by interviewing the readers or viewers or listeners, days after the advertisement or commercial is appeared in the newspaper, or on T.V. Interviewer asks the questions from the readers / viewers and in response to the question asked, the reader reveals the accuracy and depth of his impression by his answers.

3) Psychological Analysis

The whole process of advertising is psychological in character. It is therefore, natural to apply some psychological tests to measure the effectiveness of the advertising.

Four psychological testing techniques are most commonly used –

(a)   Tests of readability and comprehension;
(b)   Tests of believability

(c)   Attitude tests; and

(d)   Triple Associates Test.

(a) Tests of Readability and Comprehension

It this technique, by means of a series of penetrating questions and by other techniques developed by psychologists, the ease of readability and comprehension is determined, in advance of publication. It is determined by the interviewer under this method whether and to what extent the readers have gone through the advertisement.

(b) Tests of Believability

Advertisement message effectiveness can be measured by the degree of credibility the readers have in the product. Scale techniques are generally employed to measure the credibility by putting several statements or product claims before the consumers and are created by them. The statement or product claims that gets the highest priority votes may be taken as the most effective statement or claim.

(c) Attitude Tests

A number of attitude tests are developed by the psychologists who can be applied to copy testing. Typical consumers are exposed to sample advertising messages, either printed or oral. The interviewer then asks series of penetrating questions, to determine the attitude produced by these various message. Psychological reactions such as age, involvement, the eye of person who would use the product and the personality of the product reflected by the advertisement being tested, are obtained. The researcher looks especially for elements in the advertising which arouse psychological hostility.

(d) Triple Hostility Tests

These tests in advertising which recalls by seeking to learn the extent of the consumers association with the product, the brand name and copy theme. The test is useful only when the advertising features a specific theme or slogan, which the reader may remember. This procedure is sometimes known as theme penetration.

Concurrent Methods

Under this method, tests are conducted while the consumers are exposed to different types of media. For instance, a magazine reader may be observed while reading the magazine. Which carries an advertisement? The concurrent methods are

1. Consumer diaries
2. Co-incidental surveys and
3. Electronic devices.

1. Consumer Diaries

Under this method, diaries are supplied to a few selected customers. They are also informed to record the details of advertisements they listen or read.

The diaries are collected periodically. The result obtained from such a survey reveals the effectiveness of advertisement.

2. Co-Incidental Surveys

This method is also called as co-incidental telephone method. Under this method, samples of customers are selected and calls are made at the time of broadcast of the advertisement programme. The data obtained and analysed will give a picture about the effectiveness of an advertisement.

3. Electronic Devices

Now a day's electronic devices are widely used to measure the effectiveness of an advertisement. They are mainly used in broadcast media. These are auto meters, track electronic units etc.

The following methods are also used to measure the impact of advertisement on the sales volume.

I. Historical method and
II. Experimental method

I. Historical Method

Under this method, recorded facts related to sales before and after advertisements are compared. If an advertisement is followed with more sales, advertisement is considered to be more effective.

II. Experimental Method

Under this method, the entire sales territory is divided into three or four sub-areas. The advertiser spent different amount for advertising in different areas. They collect facts regarding sales from these sub-areas. The result is used to measure the effectiveness of advertisement in boosting sales. Following the result obtained, the advertiser prepares his advertising budget for future action.

An advertiser has to adopt some follow up measures to increase the effectiveness of advertisement. For this consumers may be contacted through direct mail after the advertisement is placed.

Communication Effects of Advertising

The management should attempt to evaluate the effectiveness of the advertising campaign if the firm's advertising goals are to be achieved and the ad effectiveness is to be increased. By regular evaluation of the effectiveness, the shortcomings and the plus points would be revealed and the management would be able to improve the campaign by negating the shortcomings and retaining the favorable point. For this purpose, it is very necessary to know how advertising affects the buyer's behaviours. But this is very difficult task because measurements are imperfect and imprecise.

The effectiveness of advertising can be measured by the extent, to which it achieves the objectives set for it. If it succeeds in attaining the objectives advertising can be said to be effective otherwise it will be a waste of money and time. In this sense, advertising can be recognized as a business activity like other activities.

In a very real sense the integrity of promotional activities rests on how well those activities work. An advertising budget that is spent on some poorly defined task or on undefined tasks may be regarded as an economic waste as compared to that spent to achieve the well defined objectives for which the results can be measured. Any social institution upon which a significant portion of our total productive efforts is expanded should be able to point to its specific accomplishment. Indeed, it is a source of discomfort that specific results of advertising activities have not always been subject to precise measurement. Both practitioners and critics feel that promotional activities should only be accepted as socio – economic – institution with full right and privileges "when the means exist to prove that advertising super are productive rupees' It is undoubtedly a source of embarrassment that we cannot exactly measure the effectiveness of advertising in definitive terms.

The exact result of advertisement expenditure is very difficult to predict because.-

The reaction of consumer – buyers to the advertising efforts cannot be known in advance.

(a) The reaction of competitors in the field cannot be guessed in anticipation and

(b) The unexpected events (such as change in social and economic environment and the government policies etc.) cannot be accurately anticipated. Such events may influence the results of the advertising efforts.

If we take a hypothetical case of a retailer who contract to spent ₹ 5000 on advertisement with a local newspaper for a special sales even. The advertisement is seen and the response is much greater than it is anticipated. What caused the success of sale? They message theme colours etc., of the advertisement or the low prices quoted during the sale of the superior quality of the product or absence of competition in the market on the day or the favorable weather conditions or the goodwill of the firm etc. The overwhelming success of the sale is the joint result of all the above variables and it is quite impossible to isolate the role of any one variable. It is so because the cause and effect – relationship cannot be established in advance when a multitude of variable impinge upon a particular event. It is entirely possible that a poor advertising support may push up the sale because everything else falls into its proper place or the reverse may be possible. But it does not mean that we cannot measure the effects of particulars advertising effort.

The advertising executives are much concerned about the assessment of the effectiveness of the advertising efforts. For this purpose, the management needs answers to such questions as: was the advertising campaign really successful in attaining the advertising goals? Were our T.V. commercials as good as those of our competitors? Will the print advertisement, which we have designed, make consumers aware of our new product? To get answers of these questions, various tests of effectiveness (Pre- tests and post – tests) are deeded to determine whether proposed advertisement should be used, and if they are not satisfactory how they might be improved, and whether ongoing campaign should be stopped continued or changed. Pre- tests are conducted before exposing target consumers to the advertisements and post tests after consumers have been exposed to them.

As indicated earlier, the advertisers are interested in knowing what they are getting for their advertising rupees, so they test the proposed advertisement with pretest and measure the actual results with a post test. In the past, protesting was done by the advertising agencies but now the advertisers have been taking an increasingly active role in protesting process. Pretest may be done either before an advertisement has been designed or executed after it is ready for public distribution or at both points.

During protesting there is often research on three vital questions:-

(i)   Do consumers feel that the advertisement communicates something desirable about the product?

(ii)   Does the message have an exclusive appeal that differentiates the product from that of the competitors?

(iii) Is the advertisement believable?

Although a lot of money is spent on protesting yet the advertisers like to confirm the results by post testing of their promotional campaigns due to the following reasons:-

(i)   There is a need to produce more effective advertising by retaining the good and removing the bad.

(ii)   The advertising executives can prove to the satisfaction of the management that a higher advertising budget will benefit the firm.

(iii) There is a need for measuring the results to determine the level of expenditure that is most promising.

Most research focuses on the communication effect rather than sales effect because it is a long run process. In the short run, however sales may be slight and important but in the long run its effects on brands and companies may be of great importance. Indirectly it will affect the sales in the long run, by changing the consumer awareness and attitude. The advertisers are therefore, concerned with their impact on consumer awareness and attitude. The communication effect on sales may be presented in the following figure:-

Communication Effect on Sales

Awareness

↓

Attitude

↓

Trial

↓

Satisfaction

↓

Purchases or repurchase
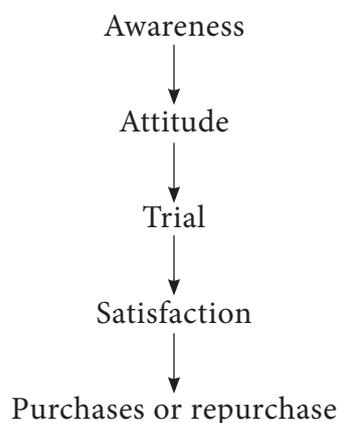
Awareness builds a favorable or at least a curious attitude towards the product which leads to experimentation. If consumer is satisfied with the trial he may decide to purchase the product.

There are many critical and unresolved issues in determining how to test the communication effects of advertising. Among these are:-

(1) Exposure Conditions – Should advertising be tested under realistic conditions or under more controlled laboratory conditions?

(2) Execution – Protesting a finished advertisement as an expensive and time consuming. Does protesting a preliminary execution produce accurate and useful data?

(3) Quality vs. Quantity Data- Quantitative data are the easiest and the almost precise measurement. But qualitative data collected through interviews may provide information that short answer questions never can.

Many types of advertising tests are conducted (different methods of pretests and post – test are given in question number) In T.V. commercials are tested by inviting a group of people to the studio to view a programme. The audience is then surveyed about the commercials. Print advertisements are tested through dummy magazine portfolio tests.

Communication Effectiveness Vs Sales Effectiveness

It is easier to assess the communication effect of advertising than the sales effect. Many firms try to measure the effectiveness of advertising in terms of sales results but this practice is always misleading. Since, the effect is the result of so many variables, a distinct effect of advertising on sales cannot be correctly measured, although there may be some exceptions. For example direct mail advertising can effectively be measured by the inquiries received. But in many situations the exact relationship between advertising activity and sales cannot be established satisfactorily.

We can correctly assume that some sales will occur even though there is no advertising or little advertising or conversely there will be no increase in sales after the point of saturation is reached or it may be that sales will show a decreasing trend at this point in spite of large amount of expenditure being made. It is so because advertising is no the only variable that effect the sales.

Thus, we may conduct that sales effect of advertising is difficult to measure because a number of variables affect the quantum of sales and the contribution of advertisement

cannot be measured separately unless all other variables are presumed to be constant. This situation is quite hypothetical and almost non-existent. Added to this is the fact that advertisement itself is made of a variety of variables such as media, messages, colours, page or time of the day, locations, the size of the headline and the appeals used. Thus even if the advertising variable is separated this would still not answer the question about the effectiveness of the individual components of the advertising campaign. So advertisers try to measure the communication effect of the advertising.

In order to measure the effectiveness of advertising, which approach (communication effectiveness or sales effectiveness), is more suitable? Two factors are to be considered in deciding the approach. They are

1. **Relevance of Advertising Objectives on the Overall Performance Objectives**

Generally advertising managers would like to know the role of advertisements on the overall performance of the business firm i.e., return on investment and on profitability. A sale is a determining factor of company performance.

2. **Difficulty and Cost of Obtaining Data Needed to Evaluate Effectiveness**

Generally communication measures are easy to follow than sales effectiveness measures. If the measures of advertising are more relevant they will be difficult and costly. If it is less difficult and cheap the measures will not be more relevant. Therefore, the advertising manager has to make a balance between these two approaches.

Suitability

In small business firms where the marketing research resources are limited advertising managers may decide on less expensive and less relevant measures. The big business house, which has more access to research, may decide on the more relevant and expensive measures.

Summary

Copy testing is a tool involving a procedure where the effectiveness of an advertisement is measured before it appears in its final form, during and after its exposure to the audience to determine whether and to what extent, it has accomplished its assigned task. There are various methods of copy testing such as pre testing, post testing and concurrent method. Pre-test method refers to testing the potentiality of a message or copy before printing

or broadcasting. Post test method is done after advertising and concurrent methods are conducted while the consumers are exposed to different types of media.

Self Assessment Questions

1. What is an advertising copy?
2. What is creativity in advertising?
3. Classify different types of advertising copy.
4. What are the different methods for testing advertising copy?
5. How can you measure the effectiveness of advertising?

CASE STUDY

The soap market in India is very large and basically it is divided in 2 segments, the popular segment and the premium segment. The popular soap consists of cheaper soaps including Lifebuoy, Lux, Hamam, Rexona, Iai etc., and contain about 85% of the market. The premium soaps are Cinthol, known as deodorant soap, Mysore Sandal, soap for its exclusive perfume and ethnic character and its different shape and packing. Medi Mix as an Ayurvedic soap, Neko as a medical soap and Peasrs as a special brand soap.

Characteristics and Image

The advertising of Pears, which is manufactured by HLL, done by Lintas and Pears had only 2% share of the total market and 10% of the premium soap market. It had built its reputation through years of advertising. It provides a bundle of satisfaction to the consumers:

(a) It was transparen—you could see through it.
(b) Mild and pure.
(c) Contained Glycerine which was useful for skin in winters.
(d) It was difficult to manufacture.
(e) Some considered it as a foreign soap. It was short supply for some time.
(f) It was considered as a special soap.
(g) Some thought that it was only for babies.
(h) Mostly the advertisement was aimed at mothers, children and little babies.
(i) The price was high.

This led to its exclusivity and most of the customers were from upper or upper middle classes. The HLL then asked their advertising agency Lintas to design and campaign to boost the sales. As number of suggestions had come up during research and discussion:

(a) The sale of Pears could be increased by either persuading the present consumers to buy more or make new customers.

(b) Most of the customers were using it in winters only. Theu could be persuaded to use Pears throughout the year.

The Company was advised to offer a reason for purchase. So, the company was asked to create an appeal on the past strength of Pears. So, they looked back on the past advertising Ads. The earlier ads were aimed at sweet girls well dressed with the caption.

(a) "Waiting to be beautiful lady." It gave the image of its being a children's soap.

(b) Then came the Ad. emphasizing its translucent characteristics. "A soap so pure you can see through it."

(c) "Pears soap keeps your complexion and skin young."

(d) "Meet the soap with nothing to hide except your age."

(e) "Pears makes you look younger and glycerine gives it the extra glow."

(f) "Young skin can be yours as long as you use Pears" or "It is the Kiss of Youth."

(g) "The bath with Pears is a "Young bath."

(h) "Mrs. Dubey has an 18 years old daughter and skin just as young."

These were the options suggested for advertising

Questions

1. Count on the different creative approaches presented by the agency.

2. Can you suggest a mixture of these Ads and why?

3. As the youth men are also very beauty conscious and visit beauty parlours for facial and other beauty Ads. Can you suggest other creative approaches for men and general use for everybody?

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UNIT – III

Unit Structure

Lesson 3.1- Media Decission

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the concept of media planning
- ➢ Acquainted with the basic terms used in media planning
- ➢ Analyze the media scenario in India
- ➢ Appreciate the different types of media
- ➢ Evaluate mass media types and develop media strategies
- ➢ Understand the characteristics of different media

Introduction

The media planning process is not an easy one. There many options which include mass media such as television, newspaper, radio, and magazines as well as out of home media such as outdoor advertising, transit advertising, and electronic billboards. A variety of support media such as direct marketing, interactive media, promotional products advertising, and in-store point-of-purchase options must also be considered. The importance of media planning as a function has grown immensely with the coming of cable and satellite channels and the emergence of new media such as the Internet and mobile phones.

Some basic Terms and Concepts

Media planning is the series of decisions involved in delivering the promotional message to the prospective purchaser and/or users of the product or brand. Media planning is a process, which means a number of decisions are made, each of which may be altered or abandoned as the plan develops.

Medium is the general category of available delivery systems, which includes broadcast media (like TV and radio), print media (like newspapers and magazines), direct mail, outdoor advertising and other support media.

Media Vehicle is the specific carrier within a medium category. For example, Times of India and Indian Express is print vehicle.

Reach is a measure of the number of different audience members exposed at least once to a media vehicle in a given period of time.

Coverage refers to the potential audience that might receive the message through a vehicle.

Media Scenario in India

The Indian media scene is interesting, intriguing, and, at the same time,, mind boggling.

India has had a long tradition of oral media which continues to be used by companies, especially to reach out to the rural area. Mass media in India not more than a hundred years old, but its development in technology can be compared with the best in the world. The reach of mass media however, has not grown in proportion. The reason for this is due to low level literacy and wide spread poverty. For more than four decades after independence, there was only government-controlled electronics media in India. Today, there are about two hundred channels are there to choose. The entry of FM in the radio sector, media planning has become an intricate, and, at the same time interesting area of study. The emergence of independent media buying agencies has further complicated buying, as the agency that plans a campaign may not necessarily be planning or buying the media. All these developments have put media planning at the centre stage of the advertising business and created huge opportunities for professionals..

Types of Media

The media class refers to the general category of message delivery systems available to carry advertising message to a target audience. For example, print media, broadcast media, and outdoor media etc. are media class. Within these categories are media subclasses (medium) such as newspapers, magazines, Television, radio, internet, mobile and so on. The media vehicle is the specific message carrier within a medium, such as Times of India, India Today, Filmfare, Femina, Star Sports etc are the examples of media vehicle in print and broad cast media. Media schedule specifies media scheduling and the timing decision.

The Media Plan

Media planning is the series of decisions involved in delivering the promotional message to the prospective purchaser and/or users of the product or brand. Media planning is a process, which means a number of decisions are made, each of which may be altered or abandoned as the plan develops.

The media plan is the guide for media selection. It requires development of specific media objectives and specific media strategies designed to attain these objectives. Once the decision have been made and the objectives and strategies formulated, this information is organized into the media plan. There are many media to choose from. However,

As per (Scissors and Bumba 1995) a good media plan needs to address the following issues:

- How many audiences is the media plan proposing to reach?
- What are the best media to place the advertisements in?
- How many times should the advertisement appear?
- What would the idea media mix be?
- Which geographical regions should the advertisement appears in?
- Which media should be selected to avoid places which do not have the product advertised?
- How should be budget appropriation for various media thus chosen is made?

Developing the Media Plan

Developing media planning involves a series of stages as follows:

1. Market analysis and target market identification
2. Establishment of media objectives

3. Media strategy development and implementation

4. Evaluation and follow up

| Market analysis | → | Establishment of media objectives | → | Media strategy development and implementation | → | Evaluation and follow-up |
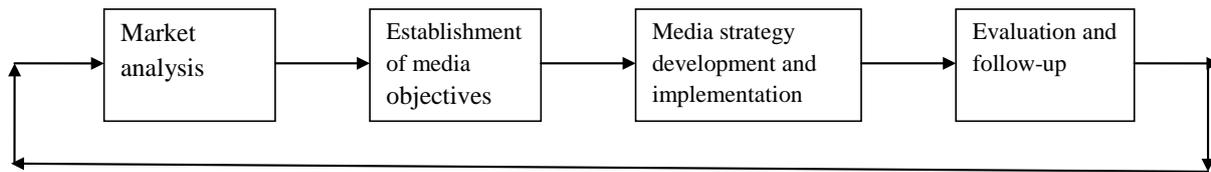
(Developing the media plan)

Market Analysis and Target Market Identification

The situation analysis stage of the overall promotional planning process involves a complete review of internal and external factors, competitive strategies, etc.

In the development of a media strategy, a market analysis is again performed, although it is already performed during strategic marketing planning, but this time the focus is on the media and delivering the message. The key questions at this stage are those: to who are the target market? What factors may influence the media plan? Where and when should we focus our efforts?

Who are the Target Market?

A number of target markets might be derived during situation analysis, to decide which specific groups to go after; the media planner may work with the client, account representative, marketing department, and creative directors. A variety of factors can assist media planners in this decision. Some will require primary research, whereas others will be available from secondary sources.

What Factors may Influence the Media Plan?

Media strategies are influenced by both internal and external factors operating at any given time. Internal factors may involve the size of the media budget, managerial and administrative capabilities, or the organization of the agency.

External factors may include the changes in economy, changes in technology, competitive factors etc.

Where to Promote

The question where to promote is related to geographical considerations. Organisations often find that sales are stronger in one area of the country or the world than another and may allocate advertising expenditures according to the market potential of an area.

1. **Establishment of Media Objectives**

Just as the situation analysis leads to establishment of marketing and communication objectives are not ends in themselves. Rather, they are designed to lead to the attainment of communications and marketing objectives. Media objectives are the goals for the media program and should be limited to those that can be accomplished through media strategies. An example of media objective is this: Create awareness in the target market through the following:

➢ Use broadcast media to provide coverage of 80 percent of the target market over a six-month period.

➢ Reach 60 percent of the target audience at least three times over the same six-month period.

➢ Concentrate heaviest advertising in winter and spring, with lighter emphasis in summer and fall.

2. **Developing and Implementing Media Strategy**

After it is being determined what is to be accomplished, media planners consider how to achieve these objectives. That is, they develop and implement media strategies, which evolve directly from the actions required to meet objectives.

The Media Mix

A wide variety of media and media vehicles are available to advertisers. It is possible that only one medium and/or vehicle might be employed; it is much more likely that a number of alternatives will be used. The objectives sought, the characteristics of the product or service, the size of the budget, and individual preferences are just some of the factors that determine what combination of media will be used.

Each medium offers its own distinct advantages. By careful developing a suitable

blend of media, the advertiser can introduce versatility in media strategy to increase coverage, reach and frequency levels. To effectively cover the target market, the media planner determines the segments that should get the maximum media emphasis. This can be achieved by matching of media a media vehicles most suitable to the target.

Target Market Coverage

The media planner determines which target markets should receive the most media emphasis. Developing media strategies involves matching the most appropriate media to this market by asking, "Through which media vehicles can I best get my message to prospective buyers?" The issue here is to get coverage of the market. The optimal goal is full market coverage,

The goal of the media planner is to extend media coverage to as many of the members of the target audience as possible while minimizing the amount of waste coverage. The situation usually involves trade-offs.

Sometimes one has to live with less coverage than desired.: other times, the most effective media expose people not sought. In this instance, waste coverage is justified because the media employed are likely to be the most effective means of delivery available and the cost of the waste coverage is exceeded by the vqalue gained from their use.

Geographic Coverage

Geographic coverage is an important consideration for the media planning process. The demand for certain types of products depends on the geographic locations of market.

For example, heavy woolen are unlikely to have any significant demand in South India, or there would be hardly any demand of rain coats in desert areas receiving, little rain. The market would have little or no inclination to advertise such products in these geographic locations.

Scheduling

It is neither possible nor necessary for the companies to keep their advertising infront of consumers at all times as a constant reminder of the product or brand. Media schedule is the calendar of advertising plan. Scheduling is connected with timing the insertion of advertisements in the selected media. Decision in this area are essentially based on certain assumptions regarding how the target audience will respond to the presence or absence of

the advertising messages with respect to the set of advertising objectives, such as product recall or attitudes. There are three approaches to scheduling:

1. Continuity,
2. Fighting and
3. Pulsing.

Continuity refers to a continuous pattern of advertising, which can mean every day, every week, or every month. The distinction is that a regular pattern is developed without gaps or during non advertising period.

Fighting employ a less regular schedule of advertising message. There are intermittent periods of advertising and at some times periods there are heavier promotional expenditures, and at others there may be no advertising. Many banks, for example, spend no money on advertising in the summer but maintain advertising throughout the rest of the year.

Pulsing is a combination of continuity and fighting. The continuity is maintained as a base throughout, but during certain periods the level of advertising is stepped up. For example, during the period just before the last date of tax return submission, advertising for car increasers to motivate customers to buy and avail of depreciation benefit.

Media Reach and Frequency

Reach is defined as the number of individuals from the target audience who are exposed to the medium or vehicle. Reach is normally expressed in percentage (%) terms.

For example if the target audience of a particular brand is 100. If a publication through exposure of an advertisement is able to reach 70 out of those target audience, then the reach of that publication is defined as being 70%. The same way is applicable for other media vehicle.

Frequency

In order to make advertising effective it is important for the audience to be exposed to the advertisement more than once. The number of times the advertisement appears in a given publication, or over a particular television programme is known as the frequency of exposure of the advertisement. It is assumed that if an advertisement is released 10 times in a publication, the target audience reached by that publication would have an opportunity to

see that advertisement 10 times.

When reach and frequency multiplied, we get gross exposure to a campaign. It stands to reason that for a finite amount of advertising expenditure over the mass media, reach and frequency have an inverse relationship with each other. In other words, if we try to maximize reach, frequency gets compromised. On the other hand if we maximize frequency, reach will get compromised.

$$\text{Frequency} = \frac{\text{Total exposure}}{\text{Reach}}$$

Effects or Reach and Frequency

Effects of Reach and Frequency

1. One exposure of an ad to a target group within a purchase cycle has little or no effect in most circumstances.

2. Since one exposure is usually ineffective, the central goal of productive media planning should be to enhance frequency rather than reach.

3. The evidence suggests strongly that an exposure frequency of two within a purchase cycle is an effective level.

4. Beyond these exposures within a brand purchase cycle or over a period of tour or even eight weeks, increasing frequency continue to build advertising effectiveness at a decreasing rate but with no evidence of decline.

5. Although there are general principles with respect to frequency of exposure and its relationship to advertising effectiveness, differential effects by brand are equally important.

6. Nothing we have seen suggests that frequency response principles or generalizations vary by medium.

7. The data strongly suggests that wear out is not a function of too much frequency; it is more of a creative or copy problem.

(Joseph W. Ostrow, "What Level Frequency" *Advertising Age,* Nov 1981)

Important Factors in Determining Frequency Levels

Marketing Factors

➢ *Brand history:* New brands generally require higher frequency levels than established brands.

➢ *Brand share:* An inverse relationship exists between brand share and frrequency. The higher the brand share, the lower the level of frequency required.

➢ *Brand loyalty:* An inverse relationship exists between loyalty and frequency. The higher the loyalty, the lower the frequency required.

➢ *Purchase cycle:* Shorter purchase cycles require higher frequency levels to maintain top-of-mind awareness.

➢ *Usage cycle:* Products used daily or more frequently need to be replace quickly, so a higher level of frequency is desired.

➢ *Competitive share of voice:* High frequency levels are required when a lot of competitive advertising exists and when the goal is to learn and to retain messages has a direct effect on frequency.

Message or Creative Factors

➢ *Message complexity:* The simple the message, the less the frequency required.

➢ *Message uniqueness:* The more unique the message, the lower the frequency level required.

➢ *New versus continuing campaigns:* New campaigns require higher levels of frequency than to register the message, compared to continuing campaigns.

➢ *Image versus product sell:* Creating an image requires higher levels of frequency than does a specific product sell.

➢ *Message variation:* A single message requires less frequency; a variety of messages require more.

➢ *Wear out:* Higher frequency may lead to wear out. This effect must be tracked and used to evaluate frequency levels.

➢ *Advertising units:* Large units of advertising require less frequency than smaller ones to get the message across.

(*Source;* Joseph W. Ostrow)

Audience Measurement Unit

Readership

For print medium readership is the unit of audience measurement. This is done through readership survey. The Indian Readership Survey is the largest continuous readership research study done in the world, the model of which is accepted internationally. This survey measures the readership of newspapers, and magazines. It also provides an in-depth understanding of media behavior as it covers expanded media measures such as time spent using different media such as television viewing, radio listening, cinema attendance and internet usage.

Viewership

This is a unit of measurement for television. It is measured with the help of peoplemeter which is a set top device presented to the panel household by the media research agency. Television Audience Measurement (TAM) is popularly known in India claims to be the best research agency measuring consumer behavior in television viewing. The peoplemeter which is connected to the television set consists of sensors and detector, which picks up who is watching television, at what time of the day and on which date the

television is being viewed, what channel is being viewed and what is the status of television set, whether it is on or off mode etc.

Listenership

This is a unit of measurement for radio. All India is one of the most popular channels for the rural India. However, now a day's FM channels are also popularly being used by the urban India. Radio Audience Measurement (RAM) is a specialized measurement service focused on the FM radio industry.

Hit and click / Page view

This is a unit of measurement for the internet. Hits are the number of people who visit the site. Page views are the number of pages within the site that the visitor who has seen the site. The internet is the medium that can actually measure the number of audience who have seen the advertisement, through the click through.

Passers By

This is unit of measurement of outdoor. It represents the number of people who pass by a given outdoor site during a given time frame. It is assumed that those who pass by a site would have had an opportunity to see the advertisement displayed on the site. The effectiveness of the site, however, is a function of several variables.

Visit to Cinema

This is a unit of measurement of cinema audiences. This data can be collected in the form of secondary data based on the number of cinema hall available and their seating capacities.

Media Research

There are a number of research organizations produce regular independent media studies. They are independent in the sense that they have tripartite sponsorship representing the three sides of advertising through bodies serving advertisers, advertising agencies and the relevant media. Some surveys are conducted continuously by press and television or periodically with radio or occasionally with outdoor. In addition to that individual media owners conduct their survey.

'Readership' and 'Circulation'

These are the two terms which is often misunderstood and wrongly used to mean same thing. These two are entirely different data for press media. Readership is an estimate of the number of people who read newspapers and magazines, and the figures result from surveying is a sample for the public who are reading. Whereas, circulation is the average audited net sale, or the number of copies actually sold at the full cover price.

Media Cost Efficiency

One of the important decisions in the development of media strategy is cost estimating. the value of any strategy can be determined by how well it delivers the message to the audience with the lowest cost and the least waste. There are a number of factors such as reach, frequency, and availability that effects while determines media cost. The marketer tries to arrive at the optimal delivery by balancing cost with each of these factors.

Advertising and promotional cost can be categorized in two ways.

➢ *Absolute cost* of the medium or vehicle is the actual total cost required to place the message

➢ *Relative cost* refers to the relationship between the price paid for advertising time or space and the size of the audience delivered.

Determining Relative Cost of Media

To evaluate alternatives, advertisers must compare the relative costs of media as well as vehicles within these media.

Unfortunately, the broadcast, print and outdoor media do not always provide the same breakdowns, nor necessarily do vehicles within the print media. Following are the cost based used:

1. *Cost per thousand (CPM):* Magazine industries provides cost break down on the basis of cost per thousand people reached. For computation the formula is

$$CPM = \frac{\text{Cost and space (absolute cost)}}{\text{Circulation}} \times 1,000$$

2. *Cost per rating point (CRP):* The broadcast media provide a different comparative cost figure, referred to as cost per ratings point or cost per point (CPP), based on the following formula:

$$CRP = \frac{\text{Cost of commercial time}}{\text{Program rating}}$$

3. *Daily inch rate:* For newspapers, cost effectiveness is based on the daily inch rate, which is the cost per column inch of the paper. Like magazines, newspapers cost-per-thousand formula is used to determine relative cost.

4. **Evaluation and Follow up:** Evaluation is essential to assess the performance of any activity. Two factors are important for evaluating media plan.

   1. How successful were the strategic in achieving media objectives?
   2. Was the media plan successful in accomplishing advertising policy?

Successful strategies help to build confidence and serve as reference in developing media strategy in future, and failure is thoroughly analysed to learn about flaws. It has been pointed out that there are certain problems with measurements that limit the degree to which one can assess the relative effectiveness of different strategies.

Type of Media Outlets

While just a few years ago marketers needed to be aware of only a few media outlets, today's marketers must be well-versed in a wide range of media options. The reason for the growing number of media outlets lies with advances in communication technology, in particular, the Internet. As we discussed in the Advertising Trends section in Part 13, the number of media outlets will continue to grow as new technologies emerge.

Next we provide an overview of 10 leading media outlets:

1. Television Advertising
2. Cable Network
3. Radio Advertising
4. Print Publications Advertising
5. Internet Advertising
6. Direct Mail Advertising
7. Signage
8. Product Placement
9. Mobile Devices
10. Sponsorships Advertising
11. Other Advertising

Television Advertising

Television advertising offers the benefit of reaching large numbers in a single exposure. Yet because it is a mass medium capable of being seen by nearly anyone, television lacks the ability to deliver an advertisement to highly targeted customers compared to other media outlets.

Television networks are attempting to improve their targeting efforts. In particular, networks operating in the pay-to-access arena, such as those with channels on cable and satellite television, are introducing more narrowly themed programming (i.e., TV shows geared to specific interest groups) designed to appeal to selective audiences. However, television remains an option that is best for products that targeted to a broad market.

The geographic scope of television advertising ranges from advertising within a localized geographic area using fee-based services, such as cable and fiber optic services, to national coverage using broadcast programming.

Television advertising, once viewed as the pillar of advertising media outlets, is facing numerous challenges from alternative media (e.g., Internet) and the invasion of technology devices, such as digital video recorders (see more in the Advertising Trends section in Part 13: Advertising), that have empowered customers to be more selective on the advertisements they view. Additionally, television lacks effective response tracking which has led many marketers to investigate other media that offer stronger tracking options.

Cable Network

Local cable network are being used frequently by local advertisers, such as retail oulets, coaching classes etc, because of the geographic flexibility it becomes very cost effective. Advertisement through local cable can act as a frequency booster by virtue of its low cost. However, local cable network is unorganized and therefore it is uncertain whether ad will appear as per schedule.

Radio Advertising

Promotion through radio has been a viable advertising option for over 80 years. Radio advertising is mostly local to the broadcast range of a radio station, however, at least three options exist that offer national and potentially international coverage. First, in many countries there are radio networks that use many geographically distinct stations to broadcast simultaneously. In the United States such networks as Disney (children's

programming) and ESPN (sports programming) broadcast nationally either through a group of company-owned stations or through a syndication arrangement (i.e., business agreement) with partner stations. Second, within the last few years the emergence of radio programming delivered via satellite has become an option for national advertising. Finally, the potential for national and international advertising may become more attractive as radio stations allow their signals to be broadcast over the Internet.

In many ways radio suffers the same problems as television, namely, a mass medium that is not highly targeted and offers little opportunity to track responses. But unlike television, radio presents the additional disadvantage of limiting advertisers to audio-only advertising. For some products advertising without visual support is not effective.

Print Publication Advertising

Print publications such as magazines, newspapers and Special Issue publications offer advertising opportunities at all geographic levels. Magazines, especially those that target specific niche or specialized interest areas, are more narrowly targeted compared to broadcast media.

Additionally, magazines offer the option of allowing marketers to present their message using high quality imagery (e.g., full color) and can also offer touch and scent experiences (e.g., perfume). Newspapers have also incorporated color advertisements, though their main advantage rests with their ability to target local markets. Special Issue publications can offer very selective targeting since these often focus on an extremely narrow topic (e.g., auto buying guide, tour guides, college and university ratings, etc.).

Internet Advertising

The fastest growing media outlet for advertising is the Internet. Compared to spending in other media, the rate of spending for Internet advertising is experiencing tremendous growth. However, total spending for Internet advertising remains relatively small compared to other media. Yet, while Internet advertising is still a small player, its influence continues to expand and each year more major marketers shift a larger portion of their promotional budget to this medium. Two key reasons for this shift rest with the Internet's ability to: 1) narrowly target an advertising message and, 2) track user response to the advertiser's message.

The Internet offers many advertising options with messages delivered through websites or by email.

➢ Website Advertising - Advertising tied to a user's visit to a website accounts for the largest spending on Internet advertising. For marketers, website advertising offers many options in terms of:

- Creative Types – Internet advertising allows for a large variety of creative types including text-only, image-only, multimedia (e.g., video) and advanced interactive (e.g., advertisement in the form of online games).

- Size – In addition to a large number of creative types, Internet advertisements can be delivered in a number of different sizes (measured in screen pixels) ranging from full screen to small square ads that are only a few pixels in size. The most popular Internet ad sizes include banner ads (468 x 60 pixels), leader board (728 x 90 pixels) and skyscraper (160 x 600 pixels).

- Placement – The delivery of an Internet advertisement can occur in many ways including fixed placement in a certain website location (e.g., top of page), processed placement where the ad is delivered based on user characteristics (e.g., entry of words in a search box, recognition of user via Internet tracking cookies), or on a separate webpage where the user may not see the ad until they leave a site or close their browser (e.g., pop-under).

- Delivery – When it comes to placing advertisements on websites marketers can, in some cases, negotiate with websites directly to place an ad on the site or marketers can place ads via a third-party advertising network, which has agreements to place ads on a large number of partner websites.

➢ Email Advertising – Using email to deliver an advertisement affords marketers the advantage of low distribution cost and potentially high reach. In situations where the marketer possesses a highly targeted list, response rates to email advertisements may be quite high. This is especially true if those on the list have agreed to receive email, a process known as "opt-in" marketing. Email advertisement can take the form of a regular email message or be presented within the context of more detailed content, such as an electronic newsletter. Delivery to a user's email address can be viewed as either plain text or can look more like a website using web coding (i.e., HTML). However, as most people are aware, there is significant downside to email advertising due to highly publicized issues related to abuse (i.e., spam).

Direct Mail

This method of advertising uses postal and other delivery services to ship advertising materials, including postcards, letters, brochures, catalogs and flyers, to a physical address of targeted customers. Direct mail is most effective when it is designed in a way that makes

it appear to be special to the customer. For instance, a marketer using direct mail can personalize mailings by including a message recipient's name on the address label or by inserting their name within the content of marketer's message.

Direct mail can be a very cost-effective method of advertising, especially if mailings contain printed material. This is due to cost advantages obtained by printing in high volume since the majority of printing costs are realized when a printing machine is initially setup to run a print job and not the because of the quantity of material printed. Consequently, the total cost of printing 50,000 postcards is only slightly higher than printing 20,000 postcards but when the total cost is divided by the number of cards printed the cost per-card drops dramatically as more pieces are printed. Obviously there are other costs involved in direct mail, primarily postage expense.

While direct mail can be seen as offering the benefit of a low cost-per-contact, the actual cost-per-impression can be quite high as large numbers of customers may discard the mailing before reading. This has led many to refer to direct mail as "junk mail" and due to the name some marketers view the approach as ineffective. However, direct mail, when well-targeted, can be an extremely effective promotional tool.

Outdoor Media

The out medium is now becoming an interesting medium. Outdoor is an effective medium to cover the mobile population. The use of signs to communicate a marketer's message places advertising in geographically identified areas in order to capture customer attention. The most obvious method of using signs is through billboards, which are generally located in high traffic areas. Outdoor billboards come in many sizes, though the most well-known are large structures located near transportation points intending to attract the interest of people traveling on roads or public transportation. Indoor billboards are often smaller than outdoor billboards and are designed to attract the attention of foot traffic (i.e., those moving past the sign). For example, smaller signage in airports, train terminals and large commercial office space fit this category.

Signage and Billboards

The use of signs to communicate a marketer's message places advertising in geographically identified areas in order to capture customer attention. The most obvious method of using signs is through billboards, which are generally located in high traffic areas. Outdoor billboards come in many sizes, though the most well-known are large structures located near transportation points intending to attract the interest of people traveling on

roads or public transportation. Indoor billboards are often smaller than outdoor billboards and are designed to attract the attention of foot traffic (i.e., those moving past the sign). For example, smaller signage in airports, train terminals and large commercial office space fit this category.

While billboards are the most obvious example of signage advertising, there are many other forms of signage advertising include:

➢ Sky writing where airplanes use special chemicals to form words

➢ Plane banners where large signs are pulled behind an airplane

➢ Mobile billboards where signs are placed on vehicles, such as buses and cars, or even carried by people

➢ Plastic bags used to protect newspapers delivered to homes

➢ Advertisements attached to grocery carts

Product Placement Advertising

Product placement is an advertising approach that intentionally inserts products into entertainment programs such as movies, TV programs and video games. Placement can take several forms including:

➢ Visual imagery in which the product appears within the entertainment program

➢ Actual product use by an actor in the program

➢ Words spoken by an actor that include the product name

Product placement is gaining acceptance among a growing number of marketers for two main reasons. First, in most cases the placement is subtle so as not to divert significant attention from the main content of the program or media outlet. This approach may lead the audience to believe the product was selected for inclusion by program producers and not by the marketer. This may heighten the credibility of the product in the minds of the audience since their perception, whether accurate or not, is that product was selected by an unbiased third-party. Second, as we discuss in Part 13: Advertising, entertainment programming, such as television, is converging with other media, particularly the Internet. In the future a viewer of a television program may be able to easily request information for products that appear in a program by simply pointing to the product on the screen. With the information they may get the option to purchase the product. As this technology emerges it is expected that product placement opportunities will become a powerful promotional option for many marketers.

Mobile Device Advertising

Handheld devices, such as cell phones, personal digital assistants (PDAs) and other wireless devices, make up the growing mobile device market. Such devices allow customers to stay informed, gather information and communicate with others without being tied to a physical location. While the mobile device market is only beginning to become a viable advertising medium, it may soon offer significant opportunity for marketers to reach customers at anytime and anyplace.

Also, with geographic positioning features included in newer mobile devices, the medium has the potential to provide marketers with the ability to target customers based on their geographic location. Currently, the most popular advertising delivery method to mobile devices is through plain text messaging, however, over the next few years multimedia advertisements are expected to become the dominant message format.

Sponsorships

A subtle method of advertising is an approach in which marketers pay, or offer resources and services, for the purpose of being seen as a supporter of an organization's event, program or product offering (e.g., section of a website). Sponsorships are intended not to be viewed a blatant advertisement and in this way may be appealing for marketers looking to establish credibility with a particular target market. However, many sponsorship options lack the ability to tie spending directly to customer response. Additionally, the visibility of the sponsorship may be limited to relatively small mentions especially if the marketer is sharing sponsorship with many other organizations.

Others

While the nine media outlets discussed above represent the overwhelming majority of advertising methods, there are several more including:

➢ Advertising using telephone recordings (e.g., political candidate's messages)
➢ Advertising via fax machine (though there may be certain legal issues with this method)
➢ Advertising through inserted material in product packaging (e.g., inside credit card bill)
➢ Advertising imprinted on retail receipts (e.g., grocery store, cash machine)

Media Characteristics

Media	Advantages	Disadvantages
Television	➤ Mass coverage ➤ High reach ➤ Impact of sight, sound, and motion ➤ High prestige ➤ Low cost per exposure ➤ Attention getting ➤ Favourable image	➤ Low selectivity ➤ Short message life ➤ High absolute cost ➤ High production cost ➤ Clutter
Radio	➤ Low coverage ➤ Low cost ➤ High Frequency ➤ Flexible ➤ Low production cost ➤ Well-segmented audience	➤ Audio only ➤ Clutter ➤ Low attention getting ➤ Fleeting message
Cinema	➤ Impact of big screen with sound, movement and colour ➤ Attracts young crowd ➤ Theatre viewing a socializing event ➤ Selective local advertising coverage possible which can gain immediate impact	➤ Television has eroded the cinema audience bas ➤ Slow buildup of audience ➤ Attendance is low and infrequent ➤ Commercials shown either in the beginning or at the interval, when high attendance is not ensured
Magazines	➤ Segmentation potential ➤ Quality reproduction ➤ High information content ➤ Longevity ➤ Multiple readers	➤ Long lead time for ad placement ➤ Visual only ➤ Lack of flexibility

Newspapers	➢ High coverage	➢ Short life
	➢ Low cost	➢ Clutter
	➢ Sleek time for placing ads	➢ Low attention-getting
	➢ Advertisements can be placed in interest sections	➢ capabilities
		➢ Poor production quality
	➢ Timely	➢ Selective reader exposure
	➢ Reads control exposure	
	➢ Can be used for coupons	
Outdoor	➢ Location specific	➢ Short exposure time requires short ad
	➢ High repetition	➢ Poor image
	➢ Easily noticed	➢ Local restrictions
Direct mail	➢ High selectivity	➢ High cost/contact
	➢ Reade controls exposure	➢ Poor image (junk mail)
	➢ High information content	➢ Clutter
	➢ Opportunity for repeat exposures	
Internet and Interactive Media	➢ User selects product information	➢ Limited creative capabilities
	➢ User attention and involvement	➢ Web snarl (crowded access)
	➢ Interactive relationship	➢ Technology limitations
	➢ Direct selling potential	➢ Few valid measurement techniques
	➢ Flexible message platform	➢ Limited reach
Mobile	➢ A communication revolution	➢ Nuisance value
	➢ Reach not dependent on location	➢ intrusion in privacy
	➢ Reach the right target audience	➢ A possible health hazard
	➢ Permission marketing possible	➢ Literacy barrier
	➢ Emotional connotations	
	➢ An all pervasive medium	

Summary

The importance of media planning as a function has grown immensely with the coming of cable and satellite channels and the emergence of new media such as the Internet and mobile phones.

Media planning is the series of decisions involved in delivering the promotional message to the prospective purchaser and/or users of the product or brand. Media planning is a process, which means a number of decisions are made, each of which may be altered or abandoned as the plan develops. The media plan is the guide for media selection. It requires development of specific media objectives and specific media strategies designed to attain these objectives. Once the decision has been made and the objectives and strategies formulated, this information is organized into the media plan.

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Lesson 3.2 - Internet as Advertising Medium

Learning Objectives

After reading this lesson, you should be able to:

➢ Understand the features of internet advertising

➢ Appreciate the types of internet advertising

➢ Analyze advantages and limitations of internet advertising

➢ Understand the concept of permission marketing

➢ Appreciate trust and privacy in permission marketing

➢ Appreciate ethical concerns in internet marketing

Introduction

In the recent year advertisement has become so powerful that its existence simply cannot be ignored. An organization may be advertising through all traditional media, but if it does not have an internet presence, viz. a web site or an e-mail; to get in touch with, its image receives a setback. Hence, internet is not an option. Also, the convergence of various media has led to the spread of internet. People may read your ad in the news paper, log on to your web site to find more information, visit consumer reviews on your site to know the opinions of the people about the product. People may also visit third party site to compare various brands and to place an order through the contact details provided in the web site. Internet further facilitate through multimedia content that includes not only text, and graphics, but also audio, video and various interactive features. This allows for high impact advertising. Advertising through internet is the need of the days. Companies and organizations working to promote their products and services must consider this medium as they would advertise through television, magazines, outdoor, and so on.

Importance of Internet Advertising

With the technological advancement, the internet has positioned itself as one of the very important media that can be used for almost all advertising purpose across all possible market segments. The growing popularity of the internet triggered an avalanche of interest

using this new tool of marketing. As the internet gained popularity, marketers began to explore if this medium was lucrative to advertise on and found that it gave them more than what the other media could offer. The internet provided their customers with interactivity—consumers could now interact with their product and build their own experience with it. The marketers believed that this form of brand conditioning would enhance the consumer's brand experience. The rate of technological change in the marketing environment is an important factor that influences the marketing success. he growth of the internet as a provider of standard global access to system and network all over the world is an area of huge interest currently and will very soon become a major consideration for the marketing departments of most Indian organizations marketing to consumers and business.

Objectives of Internet Advertising

Internet advertising can be used to achieve the following objectives

- **To build brand:** Many fortune 500 companies, from Kodak to IBM, use the internet to tell the world about their products, support their deal channels and educate the public about their companies or products.

- **To drive traffic to the website:** Online advertising offer a proven way to steer interested buyers to the website, where one can know more about the product and services

- **Develop qualified leads:** While at the website, the best copywriting and photographs can convince the prospects and provide good business. How best one follows each qualified prospect determines the business.

- **Conduct sales:** As the prospects become warm, one can close sales either online or direct the buyers to their dealer channel, if that is the seller's sells strategy.

Terminology used in Internet

Browsers

Small businesses seeking to establish a presence on the World Wide Web need to understand the importance of browsers, such as Netscape and Microsoft's Internet Explorer, to the Web and to Web advertising. These browsers are tools needed to read the HTML (hypertext mark-up language) documents that make up the World Wide Web. These documents are fairly easy to create, and many word processing programs and Web browsers can assist an advertiser in creating one. Since the Web could not exist without these browsers, advertisers needs to understand how they function and how to use them to their advantage.

Browsers locate information through search engines, such as Info seek and Yahoo. Most search engines locate sites that contain a specific set of words, as specified by the logic chosen for the search (i.e. *small business* and *media*). Browsers also need "plug-in" to run certain sound and visual effects, so small business owners need to weigh the benefits of such features before adding such extra expenses to ads. After all, many potential customers that find their way to your homepage may not have the necessary "plug-in" to experience those effects.

Search Engines

Search engines generate the largest percentage of new traffic to Web pages, followed by links from other sites, printed media, and word of mouth. For this reason, small businesses hoping to establish a presence on the Internet should make sure their Web sites are listed with a number of search engines. Advertising on some of the larger search engines, like Yahoo or AltaVista, tends to be expensive but also gives advertisers more options. For example, small businesses can buy space for a banner advertisement within a certain search category or even a specific search term. This way, if an Internet user searches for information on "canoeing," the banner advertisement for a canoe livery or riverside campground could appear on the screen with the search results.

Homepages

In a 1997 *Forbes* article, writer William Davidow pointed out that advertising on the Internet "will be intimately tied to the sales process. Consumers will search out advertising sites when they want to gather information about products and services. They will purchase directly over the network." He and other industry observers note that homepages already function in a fashion similar to an advertisement in the yellow pages. A homepage, then, needs to provide potential consumers with the necessary information (phone numbers, addresses, and product information) for customers to follow through on desired purchases— or at least provide them with enough data to pique their interest and enable them to make a purchase or get additional information via more traditional (i.e., non-electronic) means. Of course, many people using the Internet are comfortable making purchases over the Web itself, so business homepages should also be equipped with the ability to take product orders directly.

When developing a homepage, a business needs to consider several relevant aspects of electronic text and presentation. First and foremost, a homepage should be easy to navigate both visually and physically. Key to creating an inviting homepage, other than subjective aesthetic concerns, is "hyperlinks," which allow the reader to move vertically

through the text. Many experts claim that each level of a homepage should contain text on one topic, which should be clearly indicated by the headings or graphics there. A visually cluttered homepage will be ignored by Web users, who are notorious for quickly moving on to other sites when confronted with confusing or uninteresting homepages.

Types of Internet Advertising

Internet advertising is of variety of forms. As the internet matures, the number of forms continues to expand. Most of the internet advertising of today can be classified as websites, banners, buttons, sponsorships; interstitials search engine marketing, classified ads. The details of each are explained below;

Websites

Some companies view their whole website as an advertising and in some way it is. But in truth the website is more than an advertising. It's an alternative "storefront," a location where customers, prospects, and other stake holders can come to find out more about the company, its product and services. Some companies use their website like an extended brochure to promote their goods and services; others act as information and entertainment publishers and try to create a cool place that people will visit often; still others treat their website as an online catalog store, conducting business right on the Net. Thus, except when used like a brochure, the website is really more than an advertising.

Banners and Buttons

The most common form of advertising on the web is banner ads. Banner ads may be use for creating awareness or recognition or for direct-marketing objectives. Banner advertisements are graphic advertisements that appear on a web site and are intended to build brand awareness or generate traffic for the advertiser's web site. Banner ads were once the leading form of advertising online. Often banners are part of a "link exchange," or cooperative advertising arrangement, in which two businesses with complementary products and services advertise each other on their respective sites in order to reach a large segment of a given market. However, some Web advertising agencies claim that few people access web pages through banners; these agencies are now trying new motion and graphic technologies to make the banners more inviting. Some experts suggest that businesses consider advertising banners as just one part of an online marketing mix.

Similar to banners are buttons, small version of the banner that often look like an icon and usually provide a link to an advertiser's landing page, a marketing tool that leads

people into the purchasing or relationship-building process. Because buttons take up less space than banners, so they cost less.

Interstitials

The interstitial is a catchall term for a variety of ads that play between pages on a website, popping on the screen while the computer downloads a website that the user has clicked on. All of their various formats tend to perform well in terms of click-through rates and brand recall—which is what the advertisers care about.

Pop-ups

Pop-ups ads that "pop up" by opening a new browser window when a specific content page is requested. Pop-up ad windows usually open in a scaled-down size and have only maximized, minimize, and close buttons. Pop-ups disturb a user's browsing experience, have to be clicked individually to close the window, and at times overload a browser's capacity. Hence, they should only be used in exceptional cases. Po-undress are a slightly less irritating format since the new advertising window pops under the content window. Some web pages trigger pop-under when the user leaves that page. Modern day browsers and software allow users to block all poop-up advertising. A special type of pop-up advertisement is the hover ad, a combination of pop-up and banner ads that does not scroll with the web page, but hovers over the page, either obscuring it completely or by being translucent

Sponsorship

This is a form of advertising in the internet advertising which is growing in popularity. Corporations sponsors entire sections of a publisher's web page or sponsor single events for a limited period of time, usually calculated in months. In exchange for sponsorship support, companies are given extensive recognition on the site. Sometimes an added-value package is created by integrating the sponsor's brand with the publisher's content, as a sort of advertorial, or with banners and buttons on the page

Search Engine Marketing

When an internet user types a word or phrase into a search engine, two kinds of results are displayed—those that have been paid for by advertisers, and those that are natural. Pay per click (PPC) is a search engine marketing technique that requires the advertisers to pay a fee every time someone clicks on its website from an ad that has been placed in a search engine's result. The more an advertiser agrees to pay per click for a specific

keyword and the more effective the ad, the higher a site will rank in the paid search results. Natural search engine optimization, also known as organic search engine optimization is a specialized technique that involves analyzing a website's underlying code, architecture, and visible content and making enhancements so that a website is returned prominently in the natural search results of spider-based search engines such as Google.

Classified Ads

Another growing area of internet advertisers, and an excellent opportunity for local advertisers, is the plethora of classified and websites, like CraigsList.org. Many of these offer free classified advertising opportunities because they are typically supported by banners of other advertisers. In style, the classifieds are very similar to what we are familiar with from newspapers, and so on.

E-mail Advertising

Sending advertisements by e-mail is another method of using the Internet as an advertising vehicle. The use of mass direct e-mail, in which businesses send unsolicited mail messages to a list of e-mail accounts, has fallen out of favor and in many cases breaks new laws designed to crack down on spamming.

An online newsletter sent out by e-mail is a more sophisticated way in which to reach actual and potential customers. An increasing numbers of businesses have supplemented their general customer satisfaction surveys with queries concerning customers' feelings about being put on a direct mailing list.

Online surveys are also a way to build up an e-mail address mailing list that can be used to send out company information relatively inexpensively. When this is well done, the newsletter or promotional piece will include hypertext links to the company's web page and will encourage the reader to pass the newsletter on to other interested parties.

In addition to the online advertising methods listed here, there are many others. Companies use referral services through which link exchanges are managed. Some companies sponsor web sites for other groups in exchange for links to their own web site. Some publication sites sell classified advertisement space, much as it is done on more traditional print advertising. The list of options is lengthy and the field of online advertising is still quite dynamic.

Promotion in Internet

Sales Promotion in Internet

Companies have found the internet to be a very effective medium for disseminating sales promotions. Many of the companies using sales promotion with their websites. For example Neilson Media Research has offered participants as a chance to win $50,000 in cash, a new car, or a trip around the world of participating in a panel to provide them with insight about the future of the internet.

Personal Selling on the Internet

Many of the companies using internet to improve their one-on-one relationships with customers. By providing more information in a more timely and efficient manner, a company enables customers to learn more about what it has to offer. This increases the opportunity for cross-selling and customer retention.

Public Relations on the Internet

The internet is useful medium for conducting public relations activities. Many sites devote a portion of their content to public relations activities, including the provision of information about the company, its philanthropic activities, annual reports, and more. Companies, non-profit organizations, and political parties have become quite adept at using tht internet for public relations purposes.

Direct Marketing on the Internet

For direct marketing there are many tools like direct mail, infomercials, and the like, have been adopted to the internet. At the same time e-commerce selling directly to the consumer via the internet has been very popular in the industry.

Advantages & Limitations of Internet Advertising

Advantages	Limitations
➢ The internet is a truly interactive medium that allows customers to directly interact with an advertiser and establish a relationship	The internet is plagued by a lack of knowledge of advertising effectiveness, market research and standard methods of measurements for both ad exposures and pricing

➢ The internet is the only true global medium, providing information and commence that is immediately accessible from around the world	Targeting costs can be very high compared to any other medium because of precise selectivity criteria. The more precise the targeting, the higher the costs.
➢ Except personal selling, no other customer contact method can generate an immediate response as the internet. Products and information are available to customers on demand. This provides instant feedback to marketers.	Slowness of downloads and connectivity problem discourage users, infrastructure improvement, costs and access make it costly alternative medium.
➢ The internet provides high selective targeting by purchasing keywords and reach potential customers when they are ready to purchase.	The cost of personal computer is still high for low income group and the technology discourages a large number of people in developing countries.
➢ The internet users mostly have higher incomes more buying power, which is a favourable factor for all the advertisers, particularly of high-priced products.	Doubtful security and privacy concerns discourage online purchases. So far internet has not proved safe for financial transactions and this limits its viability.
➢ Commercial web sites provide detailed in-depth information about products and services to customers.	Although internet advertisers can easily reach the international market. Internet is not really as pervasive inmost developing and under-developed countries as in United states or other developed countries.
➢ The internet reaches business-to-business users while they are still at work. Consumer advertising can also reach these internet users.	Many countries have outdated telephone lines, and high cost local telephone lines, and high cost local telephone services, or the infrastructure is inadequate

Summary

With the technological advancement, the internet has positioned itself as one of the very important media that can be used for almost all advertising purpose across all possible market segments. The growing popularity of the internet triggered an avalanche of interest using this new tool of marketing. Advertising through internet is the need of the

days. Companies and organizations working to promote their products and services must consider this medium as they would advertise through television, magazines, outdoor, and so on.

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Lesson 3.3 - Permission Marketing

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand what is permission marketing
- ➢ Understand different steps in permission marketing
- ➢ Visualize the trust and privacy in permission marketing
- ➢ Understand the ethics in internet marketing

Introduction

Permission marketing (PM) allows marketers to obtain consent or "permission" from customers or prospects before sending them marketing messages. It is more effective than other forms of marketing because consumers control what kinds of messages they will receive, about which products and services they are interested in, and under what conditions. The most effective media for PM is through the Internet because "Internet users, in particular, place more value on information (control) and are more likely to respond negatively to messages aimed only at selling." (Kotler, p.663). What is unique about this form of marketing is that it holds distinct advantages for both consumers and marketers.

Steps in Permission Marketing

To practice PM, Godin recommends a five-step process:

Step 1: Get recipients to raise their hands – Obtaining initial contact permission from a potential customer by interrupting him or her through an email message, banner ad, etc. This requires the marketer to provide an incentive such as freebies (free content, sweepstakes or games).

Step 2: Teach your prospect over time – After receiving permission from the customer, educate the customer about the value of your products and services.

Step 3: Reinforce the incentive – This step is critical because you may have to ask for permission again with yet another incentive if the customer seems to have lost interest.

Step 4: Increase the level of permission – To heighten the level of permission, the marketer provides more incentives to motivate the customer. The permission marketer then becomes someone who is trustworthy of providing a service or product.

Step 5: Leverage permission into profits – The customer commits to the solution the marketer is offering.

PM works only if it is managed with care at every step. Most consumers are unwilling to give permission because of privacy issues, but when they do, they expect to be served with trust and respect for their privacy. Permission is a state of mind and thus can be interpreted differently by consumers and marketers.

Marketers fail to believe that permission does expire. On the other hand when consumers lose interest in products and services, they view the granted permission to be obsolete and interpret future emails to be unsolicited. Therefore, in order to "translate permission into long-term sales, marketers must nurture that permission by renewing and rewarding the permission." (Usborne, 7/26/99)

In order to retain customers, marketers must adopt certain guidelines to manage relationships with their customers:

➢ When changing the rules, inform the customers and renew their permission. "If a customer gives you permission to do 'A' and you then add in 'B,'" you have just changed the rules and the permission you obtained earlier expires according to Nick Usborne in the May 1, 2000 clickz.com article *Permission is Dead – Long Live Permission*.

➢ Reinforce your relationship with customers by reminding them how they were included on your list. A simple statement in the introduction to your email can serve this purpose. (Gallogly, 6/24/02)

➢ Clearly communicate to customers what they can do to be removed from your list and include a way for customers to reach you outside of email. Providing a link to your privacy policy also gives customers a sense of dealing with a legitimate source. Giving customers options allow them to have confidence that you will honor their requests. (Gallogly, 6/24/02)

Trust and Privacy in Permission Marketing

"The idea of building trust and relationships with customers has been around for thousands of years. The only bump in the road has been the mass marketing frenzy of the last century. Even during the last quarter of that century, direct marketers practiced permission marketing through direct mail. Only then did permission marketing fine-tune the art of turning cold prospects into warm prospects, warm prospects into customers, and customers into advocates." (Usborne, 5/1/00)

Building trust in an online atmosphere can be more difficult as there is nothing tangible for a customer to use to draw conclusions about a company's perceived level of trust. A recent survey conducted about the Web found that only 29 percent of users trust the accuracy of information on sites selling products and services and only 33 percent trust sites giving advice about those items. Yet, that same study also found that 80 percent of users say it's very important to be able to trust information found on a website. (Paul Soltoff, 9/2/02)

Indeed, building trust is one of the most important issues for a successful permission marketing campaign. Trust is needed primarily to make the first contact with the customer and then to maintain a good relationship with the customer over time. Trust with consumers in PM is built through frequency of communication and is something companies must earn again and again in order to maintain loyal with customer base. Companies practicing PM have to turn attention into permission, permission into learning and learning into trust.

In addition, companies need to be careful not to make mistakes, since earning trust can take several weeks or months, losing it on the other hand can take a matter of seconds. For example, one of the common mistakes of permission marketers is giving other businesses access to their PM customer database. Although this seems like an obvious marketing "no-no" many businesses fail to see that trust is broken by such practices.

Privacy is an issue closely associated with the concept of trust in PM. Major privacy issues for customers are - the way the company will track his or her information, the usage of cookies, sharing, selling or renting the customer's personal information, the opportunity to opt-out and the obligation of the company to make notification of any privacy policy changes. Customers can find answers to most questions about the above-listed issues in a company's privacy policy which is generally presented before a customer gives his or her consent to engage in a PM campaign.

Companies that use PM need to take under consideration which and how many details will be collected from customers regarding his or her personal information. This

sensitive issue can cause the consumer to be wary in engaging in the PM process or perhaps even withdraw from the process once engaged. Consequently, companies can improve the odds a customer will opt-in if they have a pared down registration process that avoids too many required personal details in order to be added to the list. Companies might consider requiring only a consumer's email address and allow him or her to provide all other personal information as an option. In doing this, the user will feel more at ease as he or she can still remain somewhat anonymous.

Ethical Concern Internet Marketing

There is a rapid growth of internet using as a marketing communication tool. This has made necessary to regulate this new medium, although the regulation is in its nascent stage and there is no international jurisdiction for any of the laws. One of the main problems resulting from internet marketing is violation of an individual's privacy, as a direct marketing. In India, a citizen's right to privacy was recognized by the Supreme Court of India in the year 1991 as a part of right to life. In 2000, the Government passed the Information Technology Act intended to provide a comprehensive regulatory framework for e-commerce. In addition to addressing the issue of privacy in India, the Information Technology Act, 2000 also states penalties for publishers or transmitters of obscene or lascivious information if it is deemed to corrupt its consumers. This regulation is particularly useful in light of the fact that even minors are at the receiving end of internet marketing.

The Federal trade Commission Act allows the FTC to act in the interest of all consumers to prevent deceptive and unfair acts or practices. In interpreting Section 5 of the act, the Commission has determined that a representation, omission or practice is deceptive if it is likely to:

➢ Mislead consumers and
➢ Affect consumer's behavior or decisions about the product or service.

In addition, an act or practice is unfair if the injury it causes, or is likely to cause, is;

➢ Substantial,
➢ Not outweighed by other benefit and
➢ Not reasonably avoidable.

The FTC Acts prohibits unfair or deceptive advertising in any medium. That is, advertising must tell the truth and not mislead consumers. A claim can be misleading if relevant information is left out or if the claim implies something that is not true.

Advertising agencies or website designers are responsible for reviewing the information used to substantiate claims. They may not simply rely on an advertiser's assurance that the claims are substantiated. In determining whether an ad agency should be held liable, the FTC looks at the extent of the agency's participation in the preparation of the challenged ad, and whether the agency knew or should have known that the ad included false or deceptive claims.

Summary

Permission marketing (PM) allows marketers to obtain consent or "permission" from customers or prospects before sending them marketing messages. It is more effective than other forms of marketing. The most effective media for PM is through the Internet. One of the main problems resulting from internet marketing is violation of an individual's privacy, as a direct marketing. In 2000, the Government passed the Information Technology Act intended to provide a comprehensive regulatory framework for e-commerce. In addition to addressing the issue of privacy in India, the Information Technology Act, 2000 also states penalties for publishers or transmitters of obscene or lascivious information if it is deemed to corrupt its consumers.

Self Assessment Questions

1. What is media planning
2. What are the different stages in media planning?
3. What is media mix? Explain its components.
4. What are the methods of determining relative cost of media?
5. Write down advantages and disadvantages of different media.
6. Write short notes on the following:
   (a) Scheduling
   (b) Reach and frequency
   (c) Readership
   (d) Viewership
7. What is internet advertising?
8. What are the methods of internet advertising?
9. Write down the advantages and limitations of interned advertising
10. What is permission marketing?
11. What are the steps in permission marketing?

12. Write about the privacy in permission marketing.

13. Write short notes on the following:

    (a) Search engine

    (b) Homepage

    (c) E-mail advertising

    (d) Pop-up

CASE STUDY

A Question of the Right Click

The Net Age is here. There is news galore, information galore, entertainment galore, whatever galore. And contrary to what many believe, the Internet is relevant. It is a medium that has more or less, dissolved geographical boundaries and nullified distance. Why, someone sitting in Agra can have access to how the Chicago Bulls are doing in the game against the Los Angeles Lakers!

Today, communication via e-mail and online chatting offers immediate and cheaper exchange of ideas, thoughts, feelings and emotions. In fact, there are few who don't know what Hotmail or Yahoo! is. And e-commerce is flourishing, thank to feeble and so on. Or it is flourishing where people are relatively Internet friendly.

Now, the acid question – are people Internet-friendly in India? Depend on how you look at it, say analyst. On the one hand, there are people who don't even know what a PC is and run a mile when the word 'technology' is mentioned. In these two extremes, how does one find out Indian surfing habits? Or which is the most popular site? Or other things like these?

Well, Renaissance Consultants has tried. In an extensive survey jointly carried out with Anand Patwardhan, Professor, Indian Institute of Technology, Mumbai, the retailing consultancy has tried to shed some light on Indian surfing habits and how successful Internet brands really are.

The Methodology of Survey

The survey has used a combination of qualitative and quantitative instruments across five locations, namely Kolkata, Mumbai, Delhi, Chennai and Pune.

The quantitative instruments include a structured questionnaire that was jointly designed by Renaissance Consultant and Patwardhan, which was made to reflect all aspects of Internet usage and attitudes. The questionnaire covered demographic and psychographic profiles of users, the mode of introduction to Internet and access, the pattern of usage, the functions and applications that are used, pattern of e-mail and searching and preferred browsing modes.

The questionnaire also included questions on site preferences (both site name and category), the actual time spent on major sites, criteria affecting site preferences and loyalty, the modes of new site information, a review of shopping experience on the Net, intentions to shop in future, the problems that the surfer faced in usage and qualitative aspects of the Internet's evolution in India.

To ensure that the survey was indeed relevant, the consultancy claims to have pre-tested it and, subsequently, fine-tuned it. This was based on a sample of 50 respondents in Mumbai and Pune. Moreover, internal cross-checks were built into the questionnaire for consistency. The final questionnaire was then administered through supervisors in each location, who in turn appointed surveyors. the survey sample was satisfied to reflect a combination of the following segments:

➢ Home, cyber-café, and multiple access users.
➢ Female and male users.
➢ Student and professional users.

Moreover, the minimum sample percentage for each segment were specified and built in to the sampling plan. The final sample size, across all the five locations was 3,000 respondents. By any standard this is a huge sample size. And, obviously, the advantages of a huge sample size are apparent – there are likely to be lesser quirks, fewer discomforting variations and perhaps more importantly, the benefits of a wide reach.

The overall sampling method used was random sampling. and back checks were performed with a randomly chosen 10% of the sample to ensure the survey's veracity. The final analysis of the survey was done through a computer-based RDBMS (relational database management system) package.

Among the qualitative instruments, a detailed checklist of information for focus group activity was drawn up and focus group interview were held. For these, the pre-selected categories were:

- ➢ Students who are heavy users.
- ➢ Students who are light users.
- ➢ Students in their early teens or junior college.
- ➢ Professional women users.
- ➢ Student women users.
- ➢ Professional male users.

The final report combines insights from both the qualitative and quantitative studies.

Some Toppling Findings

The following findings are based on a preliminary analysis of close to 500 questionnaires; the sample mix for the same is 55% students and 45% professionals. One thing, however, must be remembered; these findings are indications of how people relate to the Net. Like any survey, these figures are not total absolutions.

In any event, most of the findings are as expected. Take the top site, for instance. Expectedly yahoo! comes our tops, followed by e-mail biggie a Hotmail and Rediff. The researchers found that Yahoo's position is due to its usage benefits e-mail, searching and browsing. And since both Usa.net and Hotmail are among the top, it shows that e-mail is still the primary function of the Internet. Another insight: e-greeting cards are very popular among girls.

As far as the top Indian sites go, there are lots of regional fluctuations. Indiatimes loses to Hindu online in the south. And Cricinfo, though not strictly an Indian site, has been included because it leads the stake with its Indian cricket info. Another point, somewhat disconcerting. A prone sight is also among the top. It has a high salience among students. This could be because of the novelty, but is an indication of worldwide phenomenon

As far as e-mail usage is concerned, Hotmail leads the way, possibly because it was among the first to offer free e-mail and almost every day has had a friend to help them open an e-mail account. It is followed by Yahoo!, Use.net, the ISP account and Rediff. The other site may have got a mention is 123India. And as far as the top search is the attitude towards e-commerce. Most people refrain from shopping online because of security reason and because they enjoy physical shopping. But people are steadily opening up to the idea. Nevertheless, add recall is quite low among the respondents. Only those that relate to an interest of the surfer are noticed. Amazon ads on Yahoo! have good recall, because they are there all the time, no matter what you search for. Click-through rates are also low, for many tend to zap ads to brows faster.

The survey reveals how people get information on new sites, and interestingly, the highest is through print, followed by word-of-mouth. And that is perhaps what this survey will have to depend on to increase its usage, word-of-mouth. Priced quite affordably, at ₹ 15,000, it can be of tremendous value to those who need to supplement idc or other figures with some qualitative data.

Source: A&M, May 31, 2000.

Questions

1. Analyse the case and note down significant findings.
2. How those findings can help advertisers who want to use the Internet as the medium?
3. How can advertisers increase and recall on the internet?

CASE STUDY- 2

In a survey of housewives, the readership of business world was exaggerated and the readership of business India seemed much less than circulation figures indicated. Why would respondents incorrectly report their readership in this manner can you think of any measure perhaps unobtrusive, to avoid this bias? If a brand is not substantially different from its competitors, should its advertisements state that fact? What would be the effect of such a rule?

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UNIT – IV

Unit Structure

Lesson 4.1 - Measuring Advertising Effectiveness

Learning Objectives

After reading this lesson, you should be able to:

➢ Understand what is advertising effectiveness

➢ Appreciate measurement of advertising effectiveness

➢ Different types of testing for advertising effectiveness

Introduction

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in to advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising.

As soon as the advertising campaign is over, a need generally arises to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms the change in customer' behaviour in favour of the company's product which will naturally, affect the future sale of the product.

In order to measure the effectiveness of advertising copy, two types of tests- pretests and post tests- can be undertaken. Pretests are generally conducted in the beginning of the

creation process or at the end of creation process or production stage. There are several pre and post tests techniques to measure the effectiveness of the advertising copy.

The effectiveness of advertising in a particular media may also be measured in any of the following ways –

(a) By giving different addresses to different media,

(b) Different newspapers may be selected for advertisements of different departments,

(c) Coupon blank etc. May be provided with the advertisement or

(d) Enquiry from consumers should mention the name of the source of information. The technique is known as keying the advertising.

Thus in measuring the effectiveness of advertising we include measuring of the effectiveness of advertising campaign, advertising copy and the effectiveness of individual media. This chapter deals with these three problems.

Effectiveness of Advertising

Effectiveness of advertising is an issue that has been debated over the years. Despite, this extent of fundamental research in this area continues to be extremely low. Most effectiveness studies deal with specific advertisements and campaigns. Considerably money is spent on pre-testing an advertisement copy. But to measure the advertising effectiveness we must be able to evaluate all the aspects of communication elements. There are the sources, Message, Media and Budget.

1. *Source:* It has to be seen whether the source is effective and how the target market will respond to it. Like Kapil Dev, Sachin Tendulkar, Shahrukh Khan, Amitabh Bachhan, Kareena Kapoor, Aishwarya Rai are very effective. They are attractive, genuine sports persons or actors and have the credibility. Sometimes, the source looses its credibility or becomes old and has to be changed.

2. *Message:* How the message is communicated and what type of message it is also effects the advertisement. The message should be memorable and should be able to deliver the advertising objectives. The delivery of the message and its setting or its situation also matters a lot. The message must have proper headlines, illustrations, text and layout. The advertisement must be ethical, the message should be credible.

3. *Media Strategy:* It is very important to decide the proper Media Mix i.e., (Print Media, Broadcast Media), Newspaper or Magazines, Radio, Television that could generate the most effective results. Media Vehicle has also to be decided, that is

which newspaper or magazines, which channel of Television or which programme on radio is to be used. This is decided by keeping the target audience in mind. The location of the advertisement in a particular media is also important. In a media we can choose the front page or the back page or the inside page or may ordinary page placed strategically. In Television some programme are more effective and popular. Some audience prefers old programmes and some, like to ones.

Importance of Measuring the Effectiveness of Advertising

(1) It acts as a Safety Measure

Testing effectiveness of advertising helps in finding out ineffective advertisement and advertising campaigns. It facilitates timely adjustments in advertising to make advertising consumer oriented and result oriented. Thus waste of money in faulty advertising can be avoided.

(2) Provides Feedback for Remedial Measures

Testing effectiveness of advertising provides useful information to the advertisers to take remedial steps against ineffective advertisements.

(3) Avoids Possible Failure

Advertisers are not sure of results of advertising from a particular advertising campaign. Evaluating advertising effectives helps in estimating the results in order to avoid complete loss.

(4) To justify the Investment in Advertising

The expenditure on advertisement is considered to be an investment. The investment in advertising is a marketing investment and its objectives should be spelt out clearly indicating the results expected from the campaign. The rate and size of return should be determined in advance. If the expected rate of return is achieved in terms of additional profits, the advertisement can be considered as effective one.

(5) To know the Communication Effect

The effectiveness of the advertisement can be measured in terms of their communication effects on the target consumers or audience. The main purpose of advertising is to communicate to the general public, existing and prospective consumers,

various information about the product and the company. It is therefore desirable to seek post measurements of advertising in order to determine whether advertisement have been seen or heard or in other words. whether they have communicated the theme, message or appeal of the advertising.

(6) Compare Two Markets

Under this procedure, advertising is published in test markets and results are contrasted with other. Markets – so called control markets – which have had the regular advertising programme. The measurements made to determine results may be measurements of change in sales, change in consumer attitudes, changes in dealer display and so on depending upon the objectives sought by the advertiser.

Testing of Advertisement

Testing of an advertisement can be done in three methods:

1. Pre Testing
2. Concurrent Testing
3. Post Testing

Pre testing also known as evaluation research is done before the advertisement is released. Pre testing is essential to see how effective the advertisement will be. Since a lot of money is spent on making the advertisement copy etc.. it is essential to gauge what impact will it have on the audience. Pre testing may be done at a number of points. Right from idea generation to till its implication. Pre test should be used as a guide. In Pre testing of advertisement respondents are asked a number of questions in different settings. These settings can be in laboratory, field etc. Questions asked can be framed to elicit information from the respondent to make out and differentiate strong advertisement from weak ones.

Methods of Pre Testing of the Advertisement

Focus Groups

Focus groups are used to evaluate one or more ad concepts through in depth discussions on a topic. For instance, groups may be asked, "which of these ads do you like least and why?" Focus groups are one of the most used research techniques because of their qualitative nature and ability to discover important issues through exhaustive group discussions.

Individual Interviews

Test audience may be individually either by taking prior appointments or by intercepting them at public locations such as shoping malls, cinema halls, etc. and opinions may be taken regarding alternative ad concepts, rough art, copy etc. People may be asked if they think a particular ad would get attention, if they find it interesting, if they would read the copy, if they would believe its claims, if it would lead them to purchase the product etc.

Anteroom Trailer

Yet another method of testing opinions is the anteroom trailer or a mobile van, wherein a mobile laboratory is set up inside a van parked near popular public places like malls,, cinema halls etc.. Random passersby are chosen as interviewees and offered some incentive for participating. Prerecorded test commercials are shown interspersed with some programmes, and interviews are conducted and opinions taken after the viewing.

Consumer Juries

Consumer or target market representatives are appointed as juries to evaluate the performance of a selection of ads on various criteria. Juries are presented with various rough or finished versions of advertisements, and asked to rate or rank them. Consumer may be asked to either rank the ads from one to other based on the order of their preference, or compare all the ads in the test, two at a time, and mark the preferred one. The ad that wins the most times is declared the winner.

Ethnography

Ethnography is an observation research technique in which data is collected by observing consumer behavior. Data can be collected in a number of ways- by having human researchers observe consumers in stores, work places, homes etc. by giving consumers a video camera to record their interactions with the target product; by having consumers record their behavior in diary etc. although difficult to measure and validate, ethnography can yield deep insights in to consumer behaviour and attitudes generated through communication.

Programme Analysis

A technique specially advised for the pretesting finished broadcast material by Paul F. Lazarsfeld and Frank Stanton is the programme analysis. It uses a sim-ple device called

the Stanton-Lazersfeld programme analyser that can monitor audience's likes and dislike throughout a broadcast programme or commercial. The test audience is seated in chairs equipped with left and right hand push buttons. They view or hear the programmes or commercials and press the right-hand button when they like something and left –hand button when they dislike something. If neither button is pressed, evaluators assume that the subjects are different.

On-Air Testing

This is a method of field-testing broadcast commercials by airing them in one or more test market either in place of the new commercial or at a new time period. Most commercials tested are in the finished form, although testing of semi-finished ads may also happen. Viewers who saw the test commercial are interviewed to determine their recall levels, brand attitudes, brand knowledge etc. On-air test are mostly used for testing recall levels of various sales points of a commercial.

Theatre Test

This laboratory method of pretesting broadcast commercial is popularly used in many western countries. This method tests the commercial in a movie hall in front of an audience of about 500 people. Some commercials, including the one being tested, are interested in the entertainment program shown to the audience.

The entertainment program is preceded by a lottery, in which people are asked to allocate a sum of money among different brands and after the program there is another similar lottery. The measurement of the effectiveness of the tested commercial is determined by comparing the audience's preference for the brand after the programme with their preference before the programme.

Portfolio Test

This method is commonly used for pretesting finished print ads in a laboratory setting. Here consumers are exposed to 'test ads' in a folder, which also contains a number of 'control ads.' After a brief time lapse, advertising performance is primarily evaluated using the criteria of recall the percentage of participants who can recall brand and/ or product, pictorial or copy aspects of the ad, sales points, etc. It may also involve rating the ads or products advertised. Portfolio tests are easy to administer and analyse.

Dummy Advertising Vehicles

In an improvement to portfolio tests, a cross section of consumers is given a dummy or test publication, containing a portfolio of about 15-20 ads along with regular editorial material, to be read at home. Participants might be intercepted at public places in test area and often screened before giving the test publication. Alternatively, publications may be distributed in same homes. The test ads are inserted in such a manner that the readers cannot distinguish them from the regular pages Participants are instructed to read the publications in a normal manner. They are often interviewed on phone to next day to determine recall of the ads and sales points, overall ad impressions, etc.

Readability Test

These are formulaic procedures for evaluating the readability of text, which are used instead of conducting an actual survey of human readers. They measure the ease of reading copy in a print ad including comprehensions, retention, reading speed, and reading persistence.

Physiological Measures

These evaluate the performance of ads by measuring people's physical reactions to ads in a laboratory setting. They measure participant's involuntary physiological responses for both print and broadcast ads. Following are some of the popular physiological measures:

> **Eye tracking:** Eye tracking is used to measure eye position as well as eye movements to evaluate aspects like which elements of an add attract more attention, how long eye linger on them, and in which sequence or path various elements are viewed. There are various methods for measuring eye movements. A popular technique uses video images from which the eye position is extracted. Another modern method uses a sensor to beam infra red light in the subject's eyes. The sensor then detects the light reflected by the concern and measures the angle between the corneal reflection and the centre of the eye's pupil to arrive at the exact spot in the ad where the eye is focused.

> **Pupil dilation:** Advertisers also rely on abrupt changes in pupil diameter, which indicates current levels of mental effort put forth by the user.. It is assumed that with increased interests and action, people becomes dilated, and when interest level is low, it contracts to conserve energy. This study of the relation between a viewer's interest level in an ad and his pupil dilation is known as ***pupilometrics.***

➢ **Galvanic skin response:** This is a physiological testing technique in which the electrical conductivity or resistance of the skin is measured to check the level of arousal caused by an advertisement. It is performed with a **psychogalvanometer** that measures changes in the activity of the sweat glands via electrodes attached to the subject's palm and fore arm. Response to an ad can activate sweat glands, resulting in lower electrical resistance. This is recorded in a psychgalvanometer. It thus senses the small amount of sweating that accompanies emotional arousal and records points in an ad when the respondent's interests and emotions were stimulated.

➢ **Brain waves:** Electroencephalography is the neurophysiologic measurement of the electrical activity of the brain performed by recording electrical frequencies in the brain. Recordings are taken from several locations on the skull by placing electrodes on the scalp or in the cerebral cortex. These are sometimes called brain waves. By measuring the electrical activity in various parts of the brain, researchers can tell whether the subject is inactive or paying attention to a stimulus.

Concurrent Testing Methods

Concurrent testing takes place while an ad campaign is running. some of the techniques are similar to those used in pretesting.

Coincidental Survey

This methodology is a system of audience measurement primarily for the broadcast media. C. E. Hooper popularized this system wherein random calls are made to people to ask three basic questions:

➢ Are you listening to the radio/watching television?
➢ What programme?
➢ On what station/channel?

Advertisers can determine whether the target audience is consuming the message and to what extent the message is comprehended. Often the data collected for television from people is compared with *peoplemete*r data to get consistent results.

Attitude Tests

Surveys are popularly used to measure consumer attitudes towards the ad and/or the advertised brand. Attitude tests can be done concurrently or as a posttest. Researchers ask

various questions to individuals regarding the message, tone, comprehension, spokesperson, wording, etc. of an ad and the results are used to indicate positive or negative attitudes. Tools like direct questions, rating scales, semantic differential, checklists and partially structured interviews are used to measure attitudes.

Tracking Studies

Tracking studies track or measure the effects of an ad campaign continuously over a specified period of time. Tracking measures a campaign's performance based on measures such as brand and advertising recall, awareness and interest; purchase intentions; product trial and usage; purchase frequency; target market characteristics; media habits; attitudes about the advertised brand versus competition; etc. Following methods are also popularly used in tracking

➢ *Wave analysis:* Wave analysis measures the impact of advertising over time through multiple measures and a series of interviews, which give a wave like pattern of communication performance when plotted in a graph

➢ *Consumer diaries:* In consumer diary method a panel of consumers is asked to maintain a diary in which they record their media usage, purchase patterns, brand usage, brand switches, exposure to competitive promotions etc. while the campaign is in progress. The technique provides information regarding important parameters as directly reported by the panel members and can help in making changes in the campaign to improve its performance.

➢ *Pantry checks:* This method primarily used during new product introductions, a researcher visits homes of consumers and inquires regarding the products used or purchased. Alternatively, he may do a physical count of the inventory of various brands stocked by the consumer. Sometimes consumers are also requested to retain empty packs, which the researcher tallies.

➢ *Single-source tracking:* This method refers to the collection of data ranging from communication exposure to product purchase regarding a single family or group of consumers. Through single-source tracking, data can be collected regarding media habits, purchase behavior etc. by monitoring exposure to promotion efforts and audience's decision-making and purchase behavior can be tracked through entire communication-to-purchase cycle using sophisticated research method and devices.

Post Testing Method

Post testing method is the most common of all testing because it is only after an advertisement has run for a period of time, it is tested to measure its effectiveness. The following are some methods:

Recall Test

In this test, the respondents are asked to recall the advertisements they have seen and the brand is concealed and asked whether they had seen the advertisement through reading, listening or viewing. recall tests can be conducted for both print ads and broadcast commercials.

In recall tests of print ads, participants are asked to read test publication in their homes. They next day they are screened to determine if they have read the publication or not. Qualifying participants are questioned regarding ad elements, sales points, purchase interest and intention, etc. For testing recall of broadcast commercials a day after the commercials are aired, participants are screened to qualify those who have seen the commercials.

Recognition Test

This is conducted to see whether the advertisement is recognised or not. This Test can be conducted by mail surveys. The advertisement can be broken into headlines, layouts, body, copy, logo etc. and it is seen how these elements are are remembered by the respondents. The recognition test can be conducted in a number of ways. The magazines are placed in the home of the respondents and they are requested to read that magazine on that day. Next day they are asked questions about the advertisements appearing in that magazine to assess the recall of advertisements.

Inquiry Tests

These are behavioural post-test to check how much an ad campaign has succeeded in developing purchase intentions. Their objective is to generate the maximum number of inquiries in response to an advertising campaign. People are encouraged to inquire about the product through business reply cards, toll-free numbers, e-mails and websites, etc. In return, they may sometimes be offered incentives like product samples, information booklets, free trials, small gifts, etc.

Sales Tests

These are also behavioural post-tests to check how much an ad campaign has succeeded in generating actual sales. Under this method advertising campaign is run in the markets selected for testing purpose. The impact of the campaign is evaluated by actual sales in the selected markets.

The market with high sale is considered the best market for effective sales campaign. In other markets suitable changes are made in the advertising campaign Experimental sales tests can also be done, wherein different version of ad can be run in different test markets to check which one generates maximum sales.

Comprehensive Measures

Advertisers are often interested in understanding the performance of advertising on all the above-mentioned parameters and various media jointly because only a comprehensive analysis can tell how effective a campaign has been. For instance, an ad performing well on recognition may perform poorly on attitude and purchase intention. Comprehensive tests can spot out such anomalies so that performance can be improved through the entire process from product awareness to product purchase.

Attitude Test

The attitude of potential customers can be measured on the attitude scale. The scale measure the customer's attitude on a continuum from vary favourable and unfavourable at the other. These scales can be five point Likert scale or a seven point scale.

The effectiveness of the advertisement can be measured by comparing the present sales with the post sales. Therefore, it becomes obvious that the exact measurement of effectiveness can be measured in a number of ways but it cannot be very accurate as many factors are to be considered and evaluated. These could be;

(i)   The cost per thousand target buyers incurred on media category and media vehicle.
(ii) Percentage of audience who red, saw, and noted the advertisement.
(iii) Consumer's opinion on the advertisement contents and effectiveness.
(iv) Change in attitude after seeing the advertisement.
(v)   No enquiries received for the advertisement.

Advertisement efficiency can be improved by better message, better positioning, better use of media, clear objectives, pre-testing of advertisement etc.

Control on Advertising by Practitioners; Media and Market

Advertising puts across messages and their presentation may be against the accepted values of society. Moral and ethical values have been discarded by several advertisers. These unsocial, immoral and unethical values are controlled by government and by consumers.

With the growing criticisms of advertising, advertisers have been considering the idea of self-regulation. Self- regulation would result in true and accurate messages. Many advertisers were skeptical of the success of self-regulation. Yet many advertisers have declared that they should exercise control over, and restraint on, their activities. Therefore, they opted for self-regulation in 1970 in USA. Consequently, the Council of Better Business Bureaus and National Advertising Review Board were established.

The first self-regulatory organization was established by the Advertising Club of Cleveland. It was known as Better Business Bureau. The Better Business Bureau (BBB) operated at local levels. In 1976, there were about 240 Better Business Bureaus throughout the USA. They were fighting immoral and unethical advertising to raise its standards. Advertising agencies, advertising media and other agencies were determined to stamp out deceptive advertising. Each Better Business Bureau was assigned the job of spearheading a movement for improvements in advertising in its locality.

The BBB persuades advertisers to discard questionable modes and practices of advertising. It maintains a register of consumer complaints. The Better Business Bureaus are interested in people operating advertising agencies. These Better Business Bureaus were reorganized under the Council of Better Business Bureaus (CBBB) in 1970. The CBBB achieved prominence for national advertising regulation. This council performs nation-wide activities. It consists of eight members drawn from leading advertising agencies. The local Better Business Bureau has three divisions,-merchandise division, financial division and solicitation division. They see to it that no false or misleading copy, layout, etc. is employed in advertising.

The CBBB has a wing known as National Advertising Division (NAD) composed of knowledgeable individuals from the local bureaus. The NAD evaluates the reports of the CBBB. The reports of CBBB are prepared in the light of the recommendations of the local people. The NAD asks the advertiser to submit the logic and rationale of his challenged advertisements. After evaluating the reports of the CBBB and the claims of the advertiser,

the NAD may dismiss the complaint on the ground that the advertiser's claims are correct and substantial. The complaints may be accepted by the NAD, and it may direct the advertiser to modify the challenged advertising. If the advertiser does not comply with the direction of the CBBB, its point of view and the complaints of the public are forwarded to the National Advertising Review Board. If the advertiser does not accept the verdict of the NARB, his case is forwarded to the Federation of Trade Commissions or to the Federal Communication Commission.

The National Advertising Review Board started its functions in 1971 in the USA. It has 50 member-forty representing advertising agencies and ten representing the public Complaints about any advertisement are made to this Board through the National Advertising Division (NAD) which receives complains from the public, the industry, business and other sources.

The NAD suggests appropriate changes in the advertisement. If the advertiser does not change the message and continues to advertise, the complaint is forwarded to the National Advertising Review Board.

The NARB appoints a five-member panel composed of three representatives of advertisers, one agency person and one public representative to review the complains forwarded by the NAD and the stand taken by the advertiser. If the panel upholds the decision of the NAD, it calls upon the advertiser to modify or withdraw the advertisement. The NARB publishes the complaints if the advertiser does not accept the suggestion of the NARB. As a final step, the case is referred to a government authority for appropriate action against the defaulting advertiser.

The local Better Business Bureaus, too, have been approaching the NARB for the settlement of the complaints filed by the public, The NARB has special cells to hear the complains of children, women, minorities and other sections of society. The NARB bas reported many cases to the Federal Trade Commission (FTC) for final settlement. The FTC can call for suitable correction of misleading or incorrect advertisements.

Self-Regulation by Media

The media people can reject any advertisement if they consider that it is misleading and incorrect. The objectionable advertisements are not published or viewed or advertised by the media. Television in India and France is quite selective in accepting a particular message or mode of advertising. Television and radio are more concerned about the content of advertisements than the print media. Television does not accept bait advertising,

advertisement bearing on sexual themes and representations of certain professions. The time allotted to advertisers is restricted by television and radio. Many newspapers do not accept objectionable advertisements. They are famous for refusing to publish such advertisements. Sex selling, patent medicines with high alcohol content, etc., are frowned upon; advertisements bearing on these are not accepted by newspapers. Many magazines also impose restrictions on advertisement content.

Controls by Consumers

Consumers have started exercising control over misleading advertisements since the latter part of the nineteenth century. They exert control in different forms: direct and indirect, formal and informal, short as well as long-range. They have devastating power to accept or boycott the product, which they do through consumer groups, through businessmen and through a law-enforcing authority. We have discussed the control by businessmen.

Controls by Government

Control by the government is felt to be necessary to check deceptive, misleading, highly competitive and immoral advertising. The government is after all responsible to see to it that there is no undesirable advertising. It has the power to control it. It should exercise this power to protect the interests of consumers, small businesses and other sections of society and to ensure that there is no deceptive and misleading advertising. The content of advertisements has to be regulated by the Government. In India, regulations concerning advertising are limited. Only the public laws and Sale of Goods Act are employed to control advertising. The Penal Code and the Criminal Procedure Code have been used against deceivers and lawbreakers.

The Consumers' Protection Act and other relevant laws have been enacted to control objectionable advertising. Advertising has become an integral part of life and has lasting effects on society. It has to demonstrate greater social responsibility. Its manipulative and undesirable activities have to be controlled. Truthful advertising leads to consumer satisfaction. It is true that very few advertisers resort to deceptive advertising. They compete with others on the basis of dishonest presentation.

Therefore, the government has enacted several laws. The USA has been very active in this field. The Indian Government too has enacted some laws to protect the interests of consumers, honest advertisers, producers and traders. In the USA such legislation has been enacted by the federal government, state governments, and municipalities.

Growth of Consumerism

The term "consumerism" refers to the resistance of consumers to misleading advertising, sales techniques and products. The development of consumer power took place in the USA between 1889 and 1925 when consumers developed their strength and realized the need for resisting misleading and unrealistic advertising. Women's organizations developed to resist "black" sales. In India, consumer power developed during the Swadeshi Andolan in 1922, which continued till 1950.

The second period of growth of consumerism was between l926 and 1959 in the USA" Many books, articles and seminars were held on consumerism. Consumers' Union, Drug Control, etc., came into being during this period. In India, the growth of consumerism took place between 1951 and 1985. The third period, i.e. the surge of modern consumerism, started in India in 1986 when various organizations developed to protect the interests of the consumer. The consumers' Safety Act was enacted in 1989. In America, consumers insisted on the right to safety, the right to be informed, the right to choose and the right to be heard. Many books on consumerism were written, which brought pressure to bear on manufacturers and traders so that there might be the right type of packaging, true labeling, truth in credit and substantiation of claims of deceptive products. In India, many voluntary organizations were formed to protect the interests of consumers. The misleading activities of advertisers were brought to the notice of the public. The government was apprised of the widespread practice of adulteration.

Consumerism in India developed rapidly. Women's organizations have become very active in India to educate people about misleading advertising and products. There has been a great pressure on the government to enact suitable legislation to protect the interests of consumers. Advertising is criticized vehemently. The present laws in India may not be very useful unless consumers are educated and motivated to protect their interests. Consumerism in India has to be developed rapidly. The present state of consumerism in India is worse than it is in the USA. In America a tax was levied on advertising, to restrict the putting up of billboards along highways and to create a sense of purpose among consumers. The reasons for the growth of consumerism are technological development, water and air pollution, soaring prices, heavy taxes and other economic factors. Education and social consciousness have motivated people to safeguard their interests. In the Indian context, consumer protests have to be developed on a large scale.

Consumerism has a direct as well as indirect impact on advertising. If advertisers get the feedback that their presentation and announcements have been resisted by people, they would avoid misleading advertising. If they do not, their image would be tarnished.

Advertisers have to evaluate the end results of their advertisements. Pre-assessment and evaluation will avoid unnecessary expenses on advertising. Therefore, advertisers should not feel that consumers are adversaries. They are, in fact, true guides for the success of advertising. Consumerism gives a boost to government control. The advertising research will not be required if consumer organizations provided adequate information and feedback on advertising. Therefore, consumers now receive the cooperation and assistance of many sound advertising agencies. Advertisers look upon their reactions as clues to the need for further development.

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Lesson 4.2 - Advertising in International Market Place

Learning Objectives

After reading this lesson, you should be able to:

➢ Understand importance of advertising in international market

➢ Analyze the global perspectives of advertising

➢ Understand the different approaches of global advertising

➢ Familiarize with the different approaches of global campaign

Introduction

One of the major developments in the business world during the decade of the 90s was the globalization of markets. The emergence of a largely borderless world has created a new reality for all types of companies. Today, world trade is driven by global competition among global companies for global consumers. With the development of faster communication, transportation, and financial transactions, time and distance are no longer barrier to global marketing. products and services developed in one country quickly find their way to other countries where they arer finding enthusiastic acceptance. Consumers around the world wear Nike shoes and Calvin Klein jeans, eat at McDonald's, shave with Gillette razors, use Apple i-pods, Dell computers, drink Coca-Cola and Pepsi soft drinks, talk on cellular phone made by Nokia and Motorola and drive cars made by global automakers such a Ford, Honda and Nissan.

Companies are focusing international markets for a number of reasons:

➢ Many companies in the U.S. and western Europe recognize that their domestic markets offer them limited opportunities for expansion because Sof slow population growth, saturated markets, intense competition, and/or an unfavourable marketing environment.

➢ Many companies must focus on foreign market to survive. Most European nations are relatively small in size and without foreign markets would not have the economies.

- Companies are also pursuing international markets because of the opportunities they offer for growth and profits.

- Many U.S. based companies have formed joint ventures or strategic alliances with foreign companies to market their products internationally.

The Role of International Advertising

Advertising is an important part of the marketing programme of firms competing in the global market place. An estimated $236 billion was spent on advertising in the United States in 2002, with much of this money being spent by multinational companies' headquarters outside this country. Advertising expenditure outside the United States have increased by 60 percent since 1990, reaching an estimated 214 million in 2002, as global marketers based in the United States, as well as European and Asian countries, increase their worldwide advertising.

The Global Perspective

A company that has domestic operations and established regional operations in Europe, Latin America, North America, the Pacific, or elsewhere, has to ultimately decide whether it should establish a world corporate headquarters to ensure the company a truly global perspective. It means the company must internationalize the management group. Example: Unilever and Shell (both of which have twin world headquarters in the United Kingdom and the Netherlands), Arthur Andersen, IBM, Nestle and Inter public have changed to a global management structure.

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 ma1 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.

Global Brands

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. Example: Coca-Cola, McDonald's, Henkel, Rolex, Nissan, Toyota, Gillette, and Avis.

Advantages of Global Marketing & Advertising

A global marketing strategy and advertising program offer certain advantages to a company, including the following:

- ➢ Economies of sales in production and distribution.
- ➢ Lower marketing and advertising costs as a result of reductions in planning and control
- ➢ Lower advertising production cost
- ➢ Abilities to exploit good ideas on a worldwide basis and introduce products quickly into various world markets.
- ➢ A consistent international brand and/or company image
- ➢ Simplification of coordination and control of marketing and promotional programs.

Problems with Global Advertising

Opponents of the standardized global approach argue that very few products lend themselves to global advertising. Difference in culture, market, and economic development; consumer needs and usage pattern; media availabilities; and legal restrictions make it extremely difficult to develop an effective universal approach to marketing and advertising.

Advertising may be particularly difficult to standardize because of cultural differences in circumstances, language, traditions, values, beliefs, and lifestyle and so on. Moreover, some experts argue that cultures around the world are becoming more diverse, not less so. Thus, advertising's job of informing and persuading consumers and moving them toward using a particular brand can be done only within a given culture.

Consumer usage pattern and perceptions of a product may vary from one country to another, so advertisers must adjust their marketing and advertising approaches to different problems they may face in different markets.

When is Globalization Appropriate?

While globalization of advertising is viewed by many in the advertising industry as a difficult task, some progress has been made in learning what products and services are best suited to worldwide appeals:

1. Brands or messages that can be adapted for a visual appeal, avoiding the problems of trying to translate words into dozens of languages.

2. Brands that are promoted with image campaigns that play to universal appeals such as sex or health.

3. High-tech products and new products coming to the world for the first time, not steeped in the cultural heritage of the country

4. Products with nationalistic flavor in the country has a reputation in the field.

5. Products that appeal to a market segment with universally similar tastes, interests, needs, and values.

Approaches to Global Advertising

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 an: 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 compete 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).

No single approach is always the right one. In actuality no business has a completely global campaign. 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. 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.

The Global Advertising Plan

The strategic advertising plan usually is 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.

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 Brand	25	30	50	20
Regional Brand	60	30	10	55
Local Brand	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
Global Brand	2,00,000	1,00,000	50,000	3,00,000
Regional Brand	25,000	30,000	50,000	20,000
Local Brand	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 as 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 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. Like-wise, 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. 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. It is observed that Japanese has the highest-context culture. 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 con-textual detail. In discussing the Japanese way of advertising, Takashi Michioka, president of DYR, joint-venture agency of Yoirng & 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, and matching the client. Henkel, a large German

manufacturer of household and cleaning products, provides -: 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, provide central direction for new products, and achieve 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 Europe or 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 centralized advertising management in each individual foreign market. Colgate Palmolive Company decided to take a country-by-country approach in its advertising.

Approaches to the International Advertising Campaign

'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 listeners to do something buy, phone, and order. Even this will change as multi-national direct-mail campaigns become possible in a unified common market. Some advertisers develop tightly controlled global campaigns with minimum adaptation for local markets. Others develop local campaigns in every major market.

Centrally Controlled Campaigns

International advertising campaigns have two basic starting points: (l) success in one country and (2) a centrally conceived strategy, a need, a new product, or a directive

A National Success Story

A successful advertising campaign, conceived for national application, is modified for use in other countries. 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.

Centrally Conceived Campaign

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 assembles from around the world to present, debate, modify if necessary, and agree on a basic strategy as the foundation for the campaign.

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. A centralized campaign could include television, radio, newspaper, magazine, Web, outdoor advertising, and collateral extensions (brochures, mailings, handouts, take-one folders, or whatever is appropriate).

Positioning 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 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 gores was as a place to relax, any time of the day or night.

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.

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. 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. 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 advertisements produced simultaneously to reap production cost savings.

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 l2 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.

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 this cultural difference. 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 deter-mined 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 I 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. Corporation's average l4 to l5 paid legal holidays a year. The number is more than 20 in Europe, with more than 30 in ltaly.

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.

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Lesson 4.3 - Advertising and Principles of Integrated Marketing Communication and Image Building

Learning Objectives

After reading this lesson, you should be able to:

➢ Familiarize with the concept of Integrate Marketing communication
➢ Appreciate the benefits of Integrated Marketing communication
➢ Familiarize with the tools of Integrated Marketing Communication

Introduction

For many years, the promotional function in most companies was dominated by mass media advertising. Companies relied primarily on their advertising agencies for guidance in nearly all areas of marketing communication. Most marketers did use additional promotional and marketing communicational tools, but sales promotion and direct marketing agencies as well as package design firms were generally viewed as auxiliary services and often used on a per-project basis. Public relations agencies were used to manage the organisation's publicity, image, and affairs with relevant publics on an ongoing basis but were not viewed as integral participants in the marketing communication process.

Many marketers built strong barriers around the various marketing and promotional functions and planned and managed them as separate practices, with different budgets, different views of the market, and different goals and objectives. These companies failed to recognize that the wide range of marketing and promotional tools must be coordinated to communicate effectively and present a consistent image to target markets.

What is Integrated Marketing Communication?

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.

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.

Definition

As defined by the American Association of Advertising Agencies, integrated marketing communications " a concept of marketing communication planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – general advertising, direct response sales promotion, and public relations — and combines these disciplines to provide clarity, consistency, and maximum communications impact."

Benefits of IMC

Although Integrated Marketing Communications requires a lot of effort it delivers many benefits.

➢ It can create competitive advantage, boost sales and profits, while saving money, time and stress.

➢ IMC wraps communications around customers and helps them move through the various stages of the buying process. The organisation simultaneously consolidates its image, develops a dialogue and nurtures its relationship with customers.

➢ IMC also increases profits through increased effectiveness. At its most basic level, a unified message has more impact than a disjointed myriad of messages. In a busy world, a consistent, consolidated and crystal clear message has a better chance of cutting through the 'noise' of over five hundred commercial messages which bombard customers each and every day.

➢ At another level, initial research suggests that images shared in advertising and direct mail boost both advertising awareness and mail shot responses. So IMC can boost sales by stretching messages across several communications tools to create more avenues for customers to become aware, aroused, and ultimately, to make a purchase

➢ Carefully linked messages also help buyers by giving timely reminders, updated information and special offers which, when presented in a planned sequence, help them move comfortably through the stages of their buying process... and this reduces their 'misery of choice' in a complex and busy world.

➢ IMC also makes messages more consistent and therefore more credible. This reduces risk in the mind of the buyer which, in turn, shortens the search process and helps to dictate the outcome of brand comparisons.

➢ Consistent images and relevant, useful, messages help nurture long term relationships with customers. Here, customer databases can identify precisely which customers need what information when... and throughout their whole buying life.

➢ Finally, IMC saves money as it eliminates duplication in areas such as graphics and photography since they can be shared and used in say, advertising, exhibitions and sales literature. Agency fees are reduced by using a single agency for all communications and even if there are several agencies, time is saved when meetings bring all the agencies together - for briefings, creative sessions, tactical or strategic planning. This reduces workload and subsequent stress levels - one of the many benefits of IMC.

The Tools of IMC

The tools used in an IMC campaign include traditional marketing communication tools such as advertising, sales promotion, public relations, direct marketing, personal selling, internet and interactive marketing. However, the IMC approach recognizes that other areas of the marketing mix too. 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. IMC planners should consider all message sources and marketing communications that reach stakeholder audiences.

Stakeholder Audience

In addition to managing the total communication program, IMC campaigns also address a wide variety or stakeholder, all of whom have a different stake or interest in a company and its brand messages. The different stakeholder audiences are as follows:

Corporate Level

➢ Employees
➢ Investors

- ➤ Financial Community
- ➤ Government Regulators

Marketing Level

- ➤ Consumers
- ➤ Target markets
- ➤ Retailers
- ➤ Distributors
- ➤ Competition
- ➤ Suppliers
- ➤ Vendors

Marketing Communication Level

- ➤ Consumers
- ➤ Target audiences
- ➤ Trade audiences
- ➤ Local community
- ➤ Media
- ➤ Interest groups
- ➤ Activist groups
- ➤ General Public

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 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. Even though different areas of the company may be sending messages, the person the receiving end is an individual who has to make sense of all the messages, impressions and experiences. As IMC experts Don Schultz, Starley 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 ate confusion.

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 that are producing the marketing communication.

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 short-term plans that usually run for a year or less. Many advertisements are single-shot ads. In other words, they are free-standing ad 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 or one specific product attribute or one audience, or it may cover a variety of attributes and reach all the audiences. A campaign plan summarizes the marketplace situation, the underlying campaign strategy, the main creative strategies and tactics, media, and the other marketing communication.

The following table gives a bird's eye view of various elements involved in IMC campaign.

I Situation Analysis

- ➢ Product and company research
- ➢ Consumer and stakeholder research
- ➢ Market analysis
- ➢ Competitive situation
- ➢ Industry analysis
- ➢ Marketplace analysis

II SWOT Analysis

> ➢ Internal factors: strengths and weaknesses
> ➢ External factors: opportunities and threats
> ➢ Problem identification

III Campaign Strategy

> ➢ Objectives
> ➢ Targeting
> ➢ Positioning
> ➢ Scheduling strategy

IV Communication Strategy

> ➢ Message development research
> ➢ The creative theme
> ➢ Creative tactics and executions

V   Media plan
VI   Other Marketing communication activities
VII   The appropriation and budget

Situation Analysis

The first step in 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 six most important research areas are

> ➢ Product and company research,
> ➢ Consumer and stakeholder research
> ➢ Market analysis,
> ➢ Competitive analysis,
> ➢ Industry analysis, and
> ➢ Market place analysis.

SWOT Analysis

Situation analysis evaluates the significance of the research. 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 and some 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, the key areas on which the campaign strategy has to be built are identified. Problem Identification focuses on a set of serious communication problems that this campaign must address. 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 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.

Campaign Strategy

After the situation analysis and the SWOT analysis, most advertising campaign plan 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 act.

Objectives

As 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 the hierarchy of effects and the various ways advertising can affect its audience.

Targeting

Potential target markets are pinpointed and segmented into groups identified by certain demographic or psychographic characteristics, such as environmentalists, bike

riders, or mall teens. 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 current users of the brand. However, if you are opening up new territory there aren't current 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.

Positioning

Although objectives and targeting differ from campaign to campaign, the product's positioning remains the same. 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 un-familiar 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.

Scheduling

Timing and scheduling are an important part of the media plan and are also tied into the over-all 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.

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. 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 vehicle traditional media, and marketing communication tools to reach the targeted stakeholder audiences. If a product has awareness problem, widespread mass media will probably 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 '' –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 includes media objectives (reach and frequency), media strategies (targeting, continuity, and 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.

Other Marketing Communication Activities

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), involve an audience (events), or build credibility and believability (public relations)? This is a process called zero-based planning. Subsections of the plan are devoted to these other important marketing communication areas. A competitive sales campaign targeted business owners and managers during competitors' sales canvassing periods.

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 costs 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 {or the most expensive form of television advertising. 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.

Evaluating the Campaign Plan

The final step in campaign plan is to prepare a proposal stating how the campaign will be evaluated. The key part of an evaluation plan is to measure a company or brand's

effectiveness against its stated objectives. If not done formally through a research project, some sort of evaluation is always done informally to determine whether the effort was successful. This information is concerned with questions of effectiveness: Is the campaign working? What were the results? It is also concerned with questions of taste and judgment. Is the campaign fair and accurate? Is it building the brand or corporate reputation?

Summary

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.

Self Assessment Questions

1. What is advertising testing?
2. What are the different methods available for the testing of advertising effectiveness
3. What is IMC? What is the importance of it?
4. What are the different tools of IMC? Explain in detail.

CASE STUDY

Good Brothers India was an international organization started in 1973 to prevent the proposeless massacre of the animal kingdom for superficial human pleasures. The advertising agency was approached by the Indian representative requesting them to do a communication programme, whereby public awareness of the company would be increased. the agency worked out the first advertisement, 'Pretty isn't it and used it as a launching pad for contacting various organization.

The campaign conceived by the agency was a self-generating programme. Several organizations were contacted and donations were requested from them. The organizations were informed that all the donations will be pooled and the desired form of communication programme will be worked out depending on the amount of collections received. The communication programme idea was well received by the organizations and collections'

approximating to ₹ 1,80,000, were received. Additionally, known publications like India Today, Reader's Digest and Business India offered free pages in their magazines.

The campaign attempted to bring out the cruelties animals are subjected to for superficial human pleasures. By informing the public and making them aware of the atrocities committed on these animals and by suggesting to them that man-made alternatives are available, a degree of success in changing public opinion was achieved. It will be interesting to note that after release of the first advertisement, membership increased by nearly 20 percent and donations were received to the tune of ₹ 1,20,000. One Organisation, which prefers to remain anonymous, offered to release a series of six advertisements once in The Times of India, equivalent to donation of ₹ 1,40,000.

Questions

1. Evolve a plan for effective advertising for the above mentioned campaign through othe media vehicles.

2. Do you think the above mentioned campaign will be satisfactory in poor countries which are conditioned to resource constraints, and if so how would you develop another campaign under conditions of shortcomings in resources and communication.

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UNIT – V

Unit Structure

Lesson 5.1 - Sales Promotion

Learning Objectives

After reading this lesson, you should be able to:

- ➢ Understand the and concept meaning of sale promotion
- ➢ To examine the various objectives of sales promotion
- ➢ Familiarize with the types of sales promotion tools
- ➢ Differentiate between advertising and sales promotion
- ➢ Define Sales Force Promotion

Concept of Sales Promotion

Promotion is a key part of marketing programme and is concerned with efficiently and effectively communicating the decisions of marketing strategy to target audiences. It is the marketing function concerned with persuasive communication of the marketing programme to target audience with the intent to facilitate exchange between the marketer and the customer, which may satisfy the objectives for both the customer and organization. Promotion is targeted to the target audiences. It is also goal oriented and the objective may be to create brand awareness, to educate the consumers, to create a positive image, to build preference. The ultimate goal is to sell the product or service to consumers who have a need of it.

Sales promotion is one of the important components of promotion mix. The components of promotion mix are as follows:

1. Advertising
2. Personal selling
3. Sales promotion
4. Publicity
5. Direct Marketing

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes

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│Advertising│ │Personal Selling│ │Sales Promotion│ │Publicity│ │Direct Marketing│
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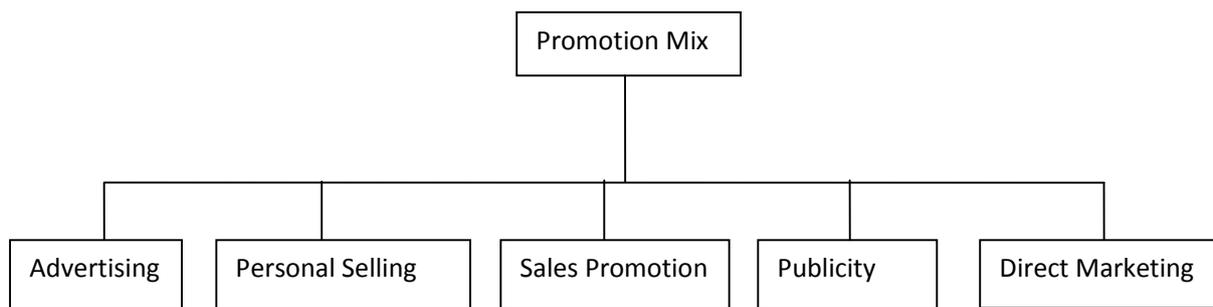
In a time when customers are exposed daily to a nearly infinite amount of promotional messages, many marketers are discovering that advertising alone is not enough to move members of a target market to take action, such as getting them to try a new product. Instead, marketers have learned that to meet promotional method in conjunction with advertising.

Other marketers have found that certain characteristics of their target market (e.g., small but geographically dispersed) or characteristics of their [product (e.g., highly complex) make advertising a less attractive option. For these marketers better results may be obtained using other promotional approaches and may lead to directing all their promotional spending to non-advertising promotions.

Finally, the high cost of advertising may drive many to seek alternative, lower cost promotional techniques to meet their promotion goals.

What is Sales Promotion?

Sales promotion describes promotional methods using special short-term techniques to persuade members of a target market to respond or undertake certain activity. As a reward, marketers offer something of value to those responding generally in the form of lower cost of ownership for a purchased product (e.g., lower purchased price, money back) or the inclusion of additional value-added material (e.g., something more for the same price).

Sales promotions are often confused with advertising. For instance, a television advertising mentioning a contest awarding winners with a free trip to Goa may give the contest the appearance of advertising. While the delivery of the marketer's message through television media is certainly labeled as advertising, what is contained in the message, namely the contest, is considered a sales promotion. The factors that distinguish between the two promotional approaches are:

1. Whether the promotion involves a short-term value proposition (e.g., the contest only offered for a limited period of time), and

2. The customer must perform some activity in order to be eligible to receive value proposition (e.g., customer must enter contest).

The inclusion of a timing constraint and an activity requirement are hallmark of sales promotion.

Sales promotions are used by a wide range of organisations in both consumer business markets, though the frequency and spending levels are much greater for consumer products marketers. One estimate by the promotion Marketing Association suggests that in the US alone spending on sales promotion exceeds that of advertising.

Difference Between Advertising and Sales Promotion

Advertising is a message which promotes ideas, good or services communicated through one or more media by an identified sponsor while sales promotion consists of short –terms incentives provided by the identified sponsors to consumers and traders to persuadethem to purchase and stock his products. The major differences between Advertising and Sales Promotion are:

Advertising	Sales Promotion
(i) A reason is offered to buy.	An incentive is offered to buy
(ii) Theme is to build up brand loyalty	Theme is to break down the loyalty to a competing brand.
(iii) Aim is to attract the ultimate Consumers.	Aim is to attract not only consumers but retailers, wholesalers and Sales force also
(iv) Effective in the long run.	Effective in the short run.
(v) Heavy advertising makes the brand image of the product and accords it the perception of higher quality	Heavy Sales promotion leads to the product being perceived as having a brand image of cheaper and lower quality product.
(vii) Advertising includes messages delivered through various types of Media.	Various types of incentives are offered for ➢ Consumer promotion ➢ Trade Promotion ➢ Sales force Promotion

Comparison of Sales Promotion with Others

	Advertising	Sales promotion	Personal selling	Publicity
Timeframe	Long-term	Short-term	Short/long-term	Long-term
Primary appeal	Emotional	Rational	Rational	Emotional
Primary objective	Image/brand building	Sale	Sale/relationship	Good will
Contribution profit	Moderate	High	High	Low

Objectives of Sales Promotion

Sales promotion is a tool used to achieve most of the five major promotional objectives

➢ Building Product Awareness- Several sales promotion techniques are highly effective in exposing customers to products for the first time and can serve as key promotional components in the early stages of new product introduction. Additionally, as part of the effort to build product awareness, several sales promotion techniques possess the added advantage of capturing customer information gathering tool (i.e., sales lead generation), which can then be used as part of follow-up marketing efforts.

➢ Creating Interest- Marketers find that sales promotions are very effective in creating interest in a product. In fact, creating interest is often considered the most important

use of sales promotion. In the retail industry an appearing sales promotion can significantly increase customer traffic to retail outlets. Internet marketers can use similar approaches to bolster the number of website visitors. Another important way to create interest is to move customers to experience a product. Several sales promotion techniques offer the opportunity for customer try products for free or at low cost.

> Providing Information- Generally sales promotion technique are designed to make customers to some action and are rarely simply informational in nature. However, some sales promotions do offer customers access to product information. For instance, a promotion may allow customers to try a fee-based online service for free for several days. This free access may include receiving product information via e-mail.

> Stimulating Demand- Next to building initial product awareness, the most important use of sales promotion is to build demand by convincing customers to make a purchase. Special promotions, especially those that lower the cost of ownership to the customer (e.g., price reduction), can be employed to stimulate sales.

> Reinforcing the Brand- Once customer have made a purchase sales promotion can be used to both encourage additional purchasing and also as a reward for purchase loyalty. Many companies, including airlines and retail stores, reward good or "preferred" customers with special promotions such as e-mail "special deals" and surprise price reductions at the cash register.

Definitions of Sales Promotion

It is difficult to define sales promotion in a precise manner because it involves with a variety of activities and techniques. sales promotion refers to many kinds of incentives and techniques directed toward consumers and traders with the intention to create an immediate sales effects. There is no single definition of sales promotion which is universally accepted by one and all. There is a wide spectrum of views and different experts have defined sales promotion in different ways.

The definition given by American Marketing Association (AMA,1960)

"In a specific sense, sales promotion include those sales activities that supplement both personal selling and advertising and coordinate them and help to make them effective, such as displays, shows and expositions, demonstrations and other non-recurrent selling efforts not in the ordinary routine"

As per AMA definition it is inferred that all those promotional activities, which don't fall under the category of personal selling, advertising and publicity, should be considered under the head of sales promotion.

Roger A. Strang has defined sales promotion in a few words as:

"Sales promotion is short-term incentives to encourage purchase or sale of a product or service."

According to Philip Kotler

"Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and/or greater purchase of particular product/services by consumers or the trade"

Sales promotion defined by Kazmi and Batra as

"Sales promotion includes incentive offers and interest creating activities which are generally short term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioural responses of the firm's customers."

Types of Sale Promotion

Promotion may be broadly classified either immediate or delayed. Those that offer an immediate reward tend to be more effective because of their immediacy, which is consistent with the short-term tactical nature of promotions. Immediate reward promotions include such things as price reduction, bonus packs, and coupons. Delayed promotion techniques delay the reward, usually until after the target audience takes some action. Delayed reward promotions include such things as sweepstakes, rebate offers, and frequent flyer programmes.

Promotions are usually thought of as aimed at consumers, but in fact much more money is invested in promotion to the trade than to the consumers. There are three fundamental types of promotion: consumer promotion, retail promotion and trade promotion. They are used to get consumers to try or to repurchase the brand and to get the retail trade to carry and to "push" the brand. Finally retailers use promotions to clear their inventory of slow moving, out of season, or shelf-unstable products. Retailers thus run their own promotions aimed at consumers, such as price off, displays, frequent shoppers programme and so on.

Consumer Oriented Promotions

Consumer will not make a distinction between trade promotions delivered at retail outlets, retail promotions, and consumer promotions. If they see a special display in the store or have a coupon or see a price special, they are not concened with whether it was the brand or the retailer that was responsible. But, from the brand's perspective, there is a world of difference. Consumer promotions are initiated by the brand, not the retailer, and the brand controls the content.

As it happens, consumers tend to have a pretty good idea about how often brands are promoted. This is important to the brand, because it will affect consumer buying strategy for the brand in the light of the perception of the brand's availability on promotion. so, even if you donot have control over retail promotions that includes your brand, it is essential that you have knowledge in your promotion strategy. There are six fundamental consumer can be considered: coupons, refund and rebates, sampling, loyalty sweepstakes and premiums. Six basic consumer promotions

Coupons	Are low cost, and the most common form of promotion
Refund and rebates	Offers large price discounts, usually with more expensive products
Sampling	Provides an opportunity to try or use brand at little or no cost
Loyalty	Encourages repeat purchase
Sweepstakes	Helps create excitement and reinforce brand image at a relatively low cost
Premiums	Helps facilitate purchase by offering reward or bonus

Coupons

A coupon is a price reduction offer to a consumer. This could be a percentage off on the retail price of the merchandise or an offer for the future. Coupons can be of various kinds, each with a specific objective. Instant redemption coupons can be redeemed with a purchase to reap the benefit instantly. Some coupons are offered after a purchase has taken place for a repeat purchase. Such a coupon can be given at the time of delivery or could be in the package.

Refunds and Rebates

This scheme offers 100% refund in case of dissatisfaction after a purchase. Rebates can be a one-time purchase or could be a coupon issued for the next purchase. This ensures

that the shopper returns for the second purchase to avail of the rebate. Fast food giants use this scheme often.

Sampling

Giving people free samples or trial pack is another promotional technique and is an excellent way to get consumers to try a product. This form of consumer promotion is found to be especially useful when one is introducing a product for the first time. It is commonly used in the case of fast moving consumer goods such as detergent, soft drinks, confectionaries etc. In this case a small quantity of the product is given as a sample. These samples are distributed either at the residence of the consumer or even at the retail outlet. Today some of the companies are attaching the samples to the popular magazines targeted on the group or with some of the products of the company's product range.

Loyalty Programmes

Loyalty programmes are initiated by companies to express their bond with loyal customers. Loyalty points are added by airlines, credit card companies. Indian Airlines have loyalty programme 'frequent flier' offer for those flier who continuously purchase Indian Airlines tickets.

Contests and Sweepstakes

These schemes offer a chance for participants to get something for nothing, based on some sort of skill or ability. These are run to create an excitement amongst the target segment. Sweepstakes require that participants submit their names which are included in a draw or other chance selection. Contests are normally advertised extensively and test more often than not the knowledge of the consumer on the product or some other skill. For example, contest may involve completion of sentence which might say" I like this product because……." or it could involve developing a slogan.

Premiums

These are prizes, gifts, and special offers that the consumer are offered at the time of purchase. Getting an fairness cream along with face wash could work as an attractive premium for women, or a hair conditioner with shampoo.

Premium can be of varying kinds, including in-mail premiums. In case, the prospect is required to send proof of the purchase to receive the gift. Sometimes the agent may

even bring the entry form. Many magazines have subscription schemes that offer various premiums such as pen sets, sun glasses, planners, etc.

Retail Promotion

Price Off

This kind of promotion offers a consumer a certain percentage discount that is generally reflected on the price tag. The old price is crossed out and the discounted price stamped in to assure the customer of the value transfer on purchase. A price off is simple and attractive phenomenon and attracts prospective buyers. Price-ofs are generally announced with end-of-season sales, specially at places that experience strong variation between winters and summers for instance. It makes sense for marketers to dispose of merchandise in the same season rather than store them for the next year, which costs money; besides' fashion may change by then.

Displays and Point-of-Purchase Material:

Point of purchase (POP) displays are an important promotional tool because they can help a manufacturer obtain more effective in store merchandising of products. Point-of-purchase displays are very important to marketers since many consumers make their purchase decisions in the store. In fact, some studies estimate that nearly two-thirds of consumer's buying decisions are made in retail store. Thus it is very important for marketers to get the attention of consumers, as well as to communicate a sales or promotional, messages through POP displays.

Many companies run display contest in order to get good exposure for their products, particularly during the seasonal period, Dealers are expected to buy a a minimum quantity of stock during the display period and display them prominently in the show windows of the shop and in other prominent places. Company representatives then visit their shops and judge these display and award prizes to them.

Point-of-sale material: Trades are given attractive point-of-sale material for displaying the company's product. For example coca cola gives attractive cold storage refrigerator for its product; Cadbury's give attractive dispensers, etc.

Cooperative Advertising

The final form of trade-oriented promotion we examine is cooperative advertising, which involves the sharing of cost of local advertising by the dealer and the company. The dealer then has the name of the outlet printed below the advertisement and gets mileage in terms of consumer enquiries.

The most common form of cooperative advertising is the trade-oriented form, vertical advertising, in which a manufacturer pays for a portion of the advertising a retailer runs to promote the manufacturer's product and its availability in the retailer's place of business. Manufacturers generally share the cost of advertising run by the retailer on a percentage basis (usually 50/50) up to a certain limit.

Trade Oriented Promotions

Trader promotion takes up a significant proportion of most marketing communication budgets. Whether the promotion directly affects pricing or indirectly affects volume through merchandising material, the trade views trade promotions from the manufacturer as a way to move more money to its bottom line. Trade promotions are those that a company runs to elicit better and quicker response from the trade. These can be done when introducing a new product. to ensure enhanced stocking proceeding a good season, or to block a competition. Trade promotions are normally part of a push strategy, the assumption here being that if the trader has excess stock bought during a trade scheme he will be motivated to push the product in order to recover his investment as soon as possible.

Trade promotion is designed to improve relations with the trade in order to gain and hold new distribution, to build inventory with the trade, or to obtain trade cooperation and merchandising support. There are three basic categories of trade promotion that can be considered are: allowances promotions, display material promotions, and trade premiums and incentives

- ➢ *Allowance promotions* provide the trade with a monetary allowance of some kind in return for buying or promoting a specific quantity of a brand, or for meeting specific purchase or performance requirements.

- ➢ *Display material promotions* are when the manufacturer actually provides special display material to be used in featuring the brand, often in conjuction with a trade allowance.

- ➢ *Trade incentives* are special gifts or opportunities to earn or win valuable trips or prizes in return for purchasing specified quantities of the brand or meeting specific sales quotas.

Allowance Promotion

The type of allowance offered to the trade can take many forms: everything from reduced prices across the board, to reduce prices according to purchase volume, to free goods.

On-Consignment Sales

This tool is normally used by companies that are new entrants and are not known in the market place. Such companies encourage the trade to stock their product on an "on-consignment" basis and pay only when the products move off the shelves. This is a rather risky process and companies would do this only on a selective product and only with such traders who have excellent credential in the market place.

Dealer Contests

This is normally linked to the amount of merchandise the dealer purchases. Participating dealer are ranked across the region by the volume of sales in a particular time frame and get substantial gifts which may include car, refrigerator, TV sets or even a trip abroad for them and their family.

Dealer Gifts

Some companies regularly give gifts to their dealers to maintain good relations with them. These could be wall clocks, calendars, diaries even some items for personal use at home.

Shop Board Painting

Some companies such as the Samsung provide attractive signage for shops which could either be printed or made of acrylic material.

Dealer Discount

Many companies run trade scheme, which can be in the form of discount on bulk purchases or free goods such as "buy ten get one free."

Trade fair participation: Sometimes companies fund partly or fully the participation of their exclusive dealers to trade meets such as the Inside Outside Fair, in India International Trade Fair, etc. They also provide promotional materials for display.

Dealer Meets

Some companies organize regular dealers meet at exotic locations within or outside the country. The expense for such dealers meet is normally paid for by the companies. These dealer meets recognize star performers through awards and also set target for the coming year.

Display Material Promotion

Display material can be in the form of either a display allowance or actual merchandising material. Perhaps the primary use of display promotions is to help reinforce consumer promotions, although they also play an important role in the introduction of new products and line extensions. Given that many purchase decisions are made at the point of purchase, especially with FMCG brands, display promotion can be an important part of an integrated marketing communication programme. Good display material leads to better attention, especially important for brands driven by recognition awareness. Here you can appreciate the need of for a fully integrated programme. The display material must be consistent with consumer promotion and advertising, with the same 'look and feel', in order to heighten recognition at the point of purchase.

Good in-store merchandising material can also be a good way to effect cross-merchandising, where two different brands are being promoted together. The use of display promotion has the advantage of generally being implemented quickly when needed, and the ability to support consumer promotion and advertising at the point of purchase. The disadvantage, as with all trade promotions, but especially here, it is the need for trade

cooperation. Unlike trade allowances or trade premium and incentives. If it does not receive wide spread trade support, it will not be effective.

Trade Incentives

Various Marketing Objectives and Suitable Consumer Promotions

Promotions	Induce product trial	Retain/load consumers	Build brand equity
Immediate value	➢ product sampling ➢ Coupons ➢ In-store rebates	➢ Price-off deals ➢ Bonus packs ➢ In-pack, on-pack premiums ➢ Loyalty programmes	➢ Events ➢ In-pack or on-pack premiums
Delayed value	➢ Mail or media distributed coupons ➢ Mail-in rebates ➢ Free in-mail premiums ➢ Internet delivered coupons	➢ In-pack or on-pack coupons ➢ Mail –in rebates ➢ Loyalty programmes	➢ Self liquidating premiums ➢ Free in-mail ➢ Contests and sweepstakes

Sales Force Promotion

Sales force promotion normally undertaken to stimulate the sales force to better performance. This is also part of a push strategy because it results in better stocking at the trade level. In some product categories it can also be part of pull strategy. For Example; In the case of pharmaceutical business the trade stocking happens when prescriptions flow from a doctor.

The consumer, in this case the patient, does not have any say in the product that the consumers, except perhaps in the case of an over-the-counter product. The sales force has to do a good selling job at the doctor level and good stocking job at the trade level. So he not only has to pull the product at the doctor level but also push the product at the trade level. Any sales force promotion scheme developed for such a field force has to recognize this fact.

There are several ways for motivating the field force. some of the important tools are:

Incentive Scheme

Most sales force of today is incentivized in terms of their sales performance. Performance bonuses are awarded for sales over the target. These are normally worked out as a percentage increase over-and-above the budgeted sales.

Star Awards

Many companies recognize their start performers and reward them handsomely. These could be a trip abroad for family or substantial cash rewards. Some companies have functions where even the spouses of the star are invited for a company paid holiday.

Sales Meet

Many companies organize sales meets in attractive places like Goa, Kashmir, kodaikenal, etc. for their sales force. these are normally no holds barred meets where the field force is able to let their hair down along with their senior managers.

This acts as a tremendous motivational pill for these young salesmen. At these meets the targets for the subsequent period are also set.

Local ad Budgets

Some companies delegate advertising budgets to their sales staff. they have authority to negotiate directly with their trade and local ad agencies and release ads for their territory. They also get budgets for local trad4e fairs, sampling, merchandising etc.

Promotional Aids

Most companies provide their field staff with promotional aids. Pharmaceutical companies provide their representatives with attractive leather bags and ties, FMCG companies provide them with T-shirts, caps etc.

Advantages and Drawback of Sales Promotion

Advantages

Sales promotion has a significant effect on the behavior of consumers and resellers. Such promotion can bring in more profits for the manufacturer because they permit price discrimination.

1. Price discrimination: Producers can introduce price discrimination through sales promotion. They can charge different prices to different consumer and trade segments varying in their price sensitivity. Coupons, special sales events, clearance sales and discount are examples of it.

2. Effect on consumer behavior: As sales promotion are mostly announced for a short period, customers may feel a sense of urgency and stop comparing the alternatives. They are persuaded to act now rather than later. For many customers, who feel time-pressured, buying on deal is a simple decision rule and many consumers may also consider buying on deal as smart move. In our over communicated society and because of selective attention, it is not uncommon to ignore many advertisements. Sales promotional deals, such as discounts, rebates, coupons, or premiums etc. also increase the attention –getting power of advertisement using promotions, marketers can reach the deal prone customers and encourage brand switching. Consumers, who buy on promotional deals, consider themselves as intelligent and smart shoppers.

3. Effect on Trade Behaviour: Short-term promotions present an opportunity and encourage dealers to forward-buy. This forward buying ensures that retailers won't go out of stocks. As dealers have more than normal stocks, they think it advisable to advertise in local media, arrange display and offer attractive promotional deals to consumers. These actions help in increasing the store traffic. The aim is to speed-up the consumer purchasing from their outlet. Point of Purchase (POP) display attract customers, serve as reminders and lead to impulses or unplanned purchases. More customers get exposed faster to new product introductions and retailers perceive less risk in stocking the new products. Some customers buy new brands and if satisfied, may become loyal users and repeat purchaser.

Drawbacks

There are certain limitations of sales promotion and they may also produce negative effects.\

While sales promotion is a powerful and effective method to produce immediate, short-term positive results, it is not cure for a bad product, or bad advertising. In fact, a

promotion may speed-up the killing of a bad product. A consumer may be motivated to try a new product because of the incentive, but after this the product itself must take over.

1. Decrease in brand loyalty: The major objective of many sales promotions is to encourage brand switching. This is especially true in case of low-involvement category products, or where there is little or no significance differentiation among brands and the unit value is low. Sales promotion announced by marketers thus counter the brand-image building efforts of competitor's brands, for which they develop expensive advertising campaigns. There is agreement among most managers that sales promotion expenditure have decreasing effect on brand-image and this lead to decreasing brand loyalty

2. Increased price sensitivity: Frequently promoted brands in a product category, especially on the basis of price, make consumers and traders more price sensitive, not only for the promoted brand but for the brands as well in the same product category. Consumers wait for the promotional deals to be announced and then purchase the product. This is true even for the brands where brand loyalty exists.

3. Quality image may become tarnished: If the promotions in a product category have been rare, or the product happens to be of high-involvement category, the promotions could have a negative effect about its quality image. Consumers may start suspecting that perhaps the product has not being selling well, the quality of the product is low compared to the price, or the product is likely to be discontinued because it has become out dated.

4. Merchandising support from dealers is doubtful: One of the trade promotion tools is to offer promotional allowances to trade people to motivate them to provide merchandising support and to pass on some benefit to consumers. This is generally the condition attached with such promotional allowances. In many cases the dealers do not cooperate in providing the merchandising support, nor do they pass on any benefit to consumers and in this practice India is no exception.

5. Short-term orientation: Sales promotions are generally for a short duration. This gives a boost to sales for a short period. This short-term orientation may sometimes have negative effect on long-term future of the organization. Heavy use of sales promotion, in certain product categories, may be responsible for causing brand-quality-image dilution

Summary

Sales promotion describes promotional methods using special short-term techniques to persuade members of a target market to respond or undertake certain activity. It includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. Sales promotions are often confused with advertising. The difference between sales promotion and advertising is that, advertising is a message which promotes ideas, good or services communicated through one or more media by an identified sponsor while sales promotion consists of short –terms incentives provided by the identified sponsors to consumers and traders to persuade them to purchase and stock his products. Sales promotion has a significant effect on the behavior of consumers and resellers. Such promotion can bring in more profits for the manufacturer because they permit price discrimination. There are certain limitations of sales promotion and they may also produce negative effects.

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Learning Objectives

After reading this lesson, you should be able to:

➢ Define sales promotion strategy;

➢ Understand the objectives of sales promotion strategy

➢ appreciate sales promotion as communication tool

➢ Appreciate the methods of measuring brand equity

➢ Acquaint with the methods of sales promotion budget allocation

➢ Comprehend the evaluation of sales promotion strategies

Introduction

The sales promotion strategy is an important element in overall marketing strategy. Sales promotion strategy involves identification of objectives, effective communication for attracting attention, allocation of budget, determining the correct promotional mix, introduction of strategic approach and finally evaluation. We shall study about each one of them briefly here.

Objectives

The marketer should determine his sales promotion objectives. He should determine what is to be accomplished and what kind of buyer responses are desired. Sales promotion tasks should be objectives oriented. These tasks are informing, persuading and reminding the customers about the products. The sales manager should inform consumers about his product and should highlight its special features. He has not only to inform the customers but persuade them to buy it.

Sales Promotion a Communication Tool

Sales promotion should attract the attention of the target audience. If the prices, discounts, off season facilities etc, are not adequately and effectively communicated, the

effort of sales promotion would be wasted. A point to be noted here is that the audience evaluates not only the message but also the source of the message in terms of its credibility. The purpose of communication is to persuade potential customers to purchase the product. The sales manager determines the message to be aimed at the target market to gain product acceptance. The overall marketing objectives define the role of communication in sales promotion. Identifying the target audience is the main task of a sales promotion communication. The audiences response to the message source helps determine the effectiveness of the message.

Medium of Reach

Sales promotion may adopt different methods for approaching people. Strategic variables are taken into account while deciding a particular method of sales promotion. Consumer promotion has been considered a very effective mode of sales promotion; potential consumers are offered samples, coupons, etc; to promote sales. The point of purchase display is a silent strategy to trigger off buying decisions. Retailers rely on in-store displays to familiarize customers with their product. A showroom display makes it easy for prospective buyers to familiarize themselves with the different features of the product. Trade promotion through buying allowance, free goods, merchandise allowances, push money etc; help to enhance sales by retailers and traders. Packaging is another important form of promotion, particularly for consumer goods. It may carry selling messages and information about the product. A good package design attracts the shopper's attention away from other products. It is a proper of blend of colour, design and shape.

The following chart shows major sales promotion devices, grouped by Target Audience.

Business users or Households	Middlemen and their Sales Forces
Coupons	Free goods
Cash rebates	Advertising allowances
Premiums (Gifts)	Contests for sales people
Free samples	Product demonstrations
Contests	Trade shows
Point of purchase displays	Exhibitions
Product demonstrations	Advertising specialties
Trade shows and exhibitions	Point-of-purchase displays
Advertising specialties	Training sales forces

Methods of Budget Allocation

One of the most difficult marketing decisions facing companies is how much to spend on promotion. It is not surprising that industries and companies vary considerably in how much they spend on promotion. It is important to determine sales promotion budgets before resorting to sales promotion activities. The resources and sales potentials are estimated before the formulation of budgets. Sales promotion budgets should be adequate so that they achieve the promotion objective.

➤ **Affordable Method**

Many companies set the promotion budget at what they think the company afford. This method of setting budgets completely ignores the role of promotion as an investment and the immediate impact of promotion on sales volume. It leads to an uncertain annual promotion budget, which makes long range market planning difficult.

➤ **Percentage of Sales Method**

Many companies set their promotion expenditures at a specified percentage of sales or of the sales price. Automobile companies typically budget a fixed percentage for promotion based on the planned can price. A number of advantages are claimed for this method.

(i) The percentage-of-sales method means that promotion expenditures are likely to vary with what the company can afford – which satisfies the financial managers, who feel that expenses should bear a close relation to the movement of corporate sales over the business cycle.

(ii) This method encourages management to think in terms of the relationship between promotion cost, selling price and profit per unit.

The major drawback of this method is that it does not provide a logical basis for choosing the specific percentage except what has been done in the past or what competitors are doing. It also does not encourage building up the promotion budget by determining what each product and territory deserves.

➤ **Competitive – Parity Method**

Some companies set their promotion budget to achieve share-of-wice parity with their competitors. Two arguments are advanced for this method. One is that the competitors

expenditures represent the collective wisdom of the industry. The other is that maintaining a competitive parity helps prevent promotion wars.

There are no grounds for believing that the competition knows better than the company itself what it should be spending on promotion. Company reputations, resources, opportunities, and objectives differ so much that their promotion budgets are hardly a guide. Further more, there is no evidence that budgets based on competitive parity discourage promotional wars from breaking out.

> **Objective-and-Task-Method**

The objective-and-task method calls upon marketers to develop their promotion budgets by defining their specific objectives, determining the tasks that must be performed to achieve these objectives and estimating the costs of performing these tasks. This method has the advantage of requiring management to spell out its assumptions about the relationship between rupees spent, exposure levels, trial rates and regular usage.

Promotional Mix

Companies face the task of distributing the total promotion budget over the four promotion tools of advertising, sales promotion, publicity and sales force. Within the same industry, companies can differ considerably in how they allocate their promotional budget. Companies are always searching for ways to gain efficiency by substituting one promotional tool for another as its economics become more favourable. Many companies have replaced some field sales activity with ads, direct mail and telemarketing. Other companies have increased their sales promotion expenditures in relation to advertising, to gain quicker sales. The trial and error method, past performance and corporate policies may influence the appropriate promotional mix. Many firms have increased their sales with the application of appropriate combinations of the promotion media; sales promotion and personal selling are supported with publicity. The promotion mix is a variable in the marketing strategy. It should be clearly decided how fare a particular element should be used in combination with other promotional methods.

Strategic Approach

The kind of promotional mix employed determines the promotional strategy. Generally speaking a particular combination, type or amount of sales promotion, personal selling, publicity and advertising are brought in to the promotional mix, which becomes the promotional strategy in the course of implementation. The marketing strategy as much

guides the determination of the promotional strategy, which may be divided into sale promotion strategy, personal selling strategy, publicity strategy and advertising strategy. The strategies, sustaining promotional strategy, developmental promotional strategy or promotional appropriation.

(i) Push and Pull Strategies

The push and pull promotional strategies may be used to enhance sales. The push strategy concentrates on middlemen or retailers who push the sale of the product to the final consumers. This strategy covers cooperative advertising, attractive terms of sale, coupons and discount facilities.

The pull strategy is directed toward the final buyers. It persuades the buyers to go to the sellers to buy. Sales promotion, particularly customer promotion, is an important form of the pull strategy. Customer promotion, may call for the offer of samples, money-refund offers, prices-off, premiums and so on.

The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy. Trade promotions refers to buying allowances, free goods, co-operative advertising, push money, sales contests and so on. The marketing manager has to adopt both these strategies to promote sales.

➢ *Features of Pull Strategy*

Pull strategies depend upon mass communication. Products are literally pulled by buyers through the channels on the basis of mass promotional efforts. In a pull strategy, the product is pulled through the channel by creating end- user demand. Customers force retail shops to stock those mass- promoted products. In turn, retailers demand the highly advertised product from wholesalers. The firms having well- known brands can exercise control over channels through pull promotion strategies. Personal salesmanship plays a secondary role in pull promotion. Marketer rely on intensive distribution. Dealer margins are also lower in pull promotion.

➢ *Features of Push Strategy*

Industrial marketing strategies are mostly the push type strategies relying primarily on personal selling. Also in the sale of medical products and in life insurance, marketers have to employ a lot of salesmen to call on physicians and prospects for life insurance.

In push type promotion, personal selling expenses are considerable and dealer margin is also higher. In this, after – sale service is also important and marketers rely on selective distribution. Push strategy can be successfully used when:

1. We have a high quality product with unique selling points.

2. Where we have a high priced product.

3. We can offer adequate incentives (financial) to middlemen and their salesmen.

Push – Pull Strategy

Most consumer goods manufacturers generally employ a push- pull (combination) strategy to sell their products. The ratio of pull to push may differ according to the requirements of market situation. Salesmen are used to push the goods through the marketing channel, while advertising and sales promotion will support personal selling to accelerate sales. Thus, all tools of promotion work together.

(ii) Sustaining Promotional Strategy

The main aim of this strategy is to stabilize the market share. Sales promotion becomes necessary to sustain a market share. At a laggard stage, the markets may shrink. Unless appropriate steps are taken, the marketer may find that the market may be slipping away for, to his product. But this strategy can be adopted only after employing the penetrating strategy. That is, the market share should not decline after a higher level of sale has been attained. The sustaining promotional strategy stabilizes the market share. Sales force promotion by way of bonus and other incentives many contain the market from slipping away. Steps are taken to prevent the sales force from going across to the competitors. Brand loyalty of customers is fostered and reinforced.

(iii) Developmental Promotional Strategy

The introduction of new products may require expansion of the market. Innovators need to have a developmental strategy. New products or brands are popularized by offering trade discounts, cash rebates, premiums, money refunds, and so on. The new consumers are given effective after- sales service. Consumer franchise building is done with development strategy. The promotional mix for a brand not yet popular may require emphasis on both personal selling and sales promotion.

(iv) *Promotional Appropriation*

Promotional objectives determine promotional appropriation. The forms of promotion, the costs of each component of promotion, the activities to be performed and appropriation on personal selling, sales promotion, advertising and publicity are determined under this strategic. approach. The marketing manager has to arrive at the optimum promotional mix of the given objectives. And this requires proper planning and programme evaluation. Product attributes, brand differentiation, purchase frequency, the nature of the market, the size of market and its location, the nature of prospective buyers, their purchase frequency, distribution and price strategies are evaluated before the formulation of an appropriate sales promotion strategy.

"Pull" promotions offered to consumers "Push" promotions offered to trade

"Pull" promotions (Manufacturer to consumer)	"Push" promotions	
	offered to trade	offered to consumers
Sampling	Discounts	Price-cuts
Coupons	Display allowance	Free goods
Price-packs	Advertising allowance	Premiums
Rebates	Free goods	Displays
Continuity programmes	Contests	Feature advertising
Contests	Trade coupons	Quantity discount
Sweepstakes	Quality discounts	Clearance sale.
Tie-in promotions		
Financing incentives		
Special events		
Premiums		
Bonus packs		
Exchanging offers		

Evaluation of Sales Promotional Strategy

Sales promotional strategies should be evaluated twice. First at the stages of implementation and secondly after the final performance because implementation control" will suggest improvements during the application of the promotional strategy, while „performance control" will be a guide for the future. Implementation control covers initial planning, objectives, promotional packages, and printing of special premiums and packaging

materials, distribution to retailers, etc. Even though it has proved successful whenever tried, very few firms adopt this strategy. Many manufacturers believe only in performance control. Performance is evaluated in the light of planned objectives. Consumer surveys and consumer experiments are used to evaluation techniques show how far the sales promotion techniques have been effective in increasing sales through motivating consumers and sellers, and point the way to improvement in sales promotion.

Sales Promotion and Product Life Cycle

The promotional tools vary in their cost effectiveness at different stages of the product life cycle. In the introduction stage, advertising and publicity have high cost effeteness, followed by sales promotional to induce trial and personal selling to gain distribution coverage. In the growth stage, all the tools can be toned down because demand has its own momentum through word-of-mouth. In the maternity stage, sales promotion, advertising and personal selling all become more important in that order. In the decline stage, sales promotion continues strong, advertising and publicity are reduced and sales people give the product only minimal attention.

Cross Promotion

Under this sales promotion strategy, the manufacturer may use all the potential tools such as advertisement, personal selling and sales promotion to hit the market simultaneously so that the buyer will be induced to buy a product. For example when Deccan Chronicle, a daily newspaper, was introduced in Chennai, the management had used all promotional activities, such as display, holding, price off and media to influence the reader to buy the paper. This promotional strategy in called cross promotion.

Surrogate Selling

Under this strategy, when the manufacturer is unable to sell his product in the market he may handover the product to a well known organization to sell on behalf of the manufacturer. This strategy is called surrogate selling.

For example, shampoo products are manufactured at Puducherry by a number of small and medium manufactures. But they find it difficult in selling the product in the market.

What they have done was, handing over the finished product to Hindustan Lever, Proctor and Gamble who have sufficient logistics in selling the product, there by relieving

the burden of converting the product into cash. They have in fact act as a surrogate in selling their merchandise in the market.

Bait and Switch Advertising

Bait means something that is meant to tempt someone. Under this strategy, the marketing manager use AIDA formula to tempt someone to look the advertisement and influence him to buy a product. For example, Bharat Sanchar Nigam Limited has used 10 paise prominently in its advertisement to bring the attention of its users in mind which will influence them to go for using the BSNL service. This way of tempting the viewer to opt for BSNL is called Bait advertising.

Switch means a device that is pressed or turned to stop or start something working especially by electricity. Switch advertising means when an advertisement is released, it should ignite the minds of the buyer to notice the advertisement and take a decision to buy the product. For example during festival times manufacturer may offer some discount on cash price to the buyer on some selected products. So he has put this in the local newspaper-which would have ignited the minds of the buyers. Buyers will certainly be influenced to buy the product. This strategy is called switch advertising strategy.

Summary

The sales promotion strategy is an important element in overall marketing strategy. Sales promotion strategy involves identification of objectives, effective communication for attracting attention, allocation of budget, determining the correct promotional mix, introduction of strategic approach and finally evaluation. Sales promotion should attract the attention of the target audience. If the prices, discounts, off season facilities etc, are not adequately and effectively communicated, the effort of sales promotion would be wasted.

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Lesson 5.3 - Brand Equity

Learning Objectives

After reading this lesson, you should be able to:

➤ Define brand equity;

➤ Understand concept of brand equity

➤ Appreciate the methods of measuring brand equity

➤ Understand how to manage portfolio brand

Introduction

A brand is a name, term, sign, symbol, or design, or a combination of them intended to identify the goods or services of one seller from among a group of sellers and to differentiate them from those of the competitors. Thus, a brand identifies the seller or manufacturer. Under trademark law the seller is granted exclusive rights to the use of the brand name in perpetuity.

This differs from other assets such as patents and copyrights that have expiration dates. If a company treats a brand only as a name, it misses the point of branding. The challenge in branding is to develop a deep set of meanings for the brand. Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect, and enhance brands.

Brand Equity

There is no universally accepted definition of brand equity. The term means different things for different companies and products. However, there are several common characteristics of the many definitions that are used today. From the following examples it is clear that brand equity is multi-dimensional.

There are several stakeholders concerned with brand equity, including the firm, the consumer, the channel, and some would even argue the financial markets. But ultimately,

it is the consumer that is the most critical component in defining brand equity. Some researchers in the field of marketing have defined brand equity as follows:

Lance Leuthesser, et al (1995) writes that "… brand equity represents the value (to a consumer) of a product, above that which would result for an otherwise identical product without the brand's name. In other words, brand equity represents the degree to which a brand's name alone contributes value to the offering (again, from the perspective of the consumer)."

The Marketing Science Institute (1988) defines brand equity as, "The set of associations and behaviors on the part of the brand's customers, channel members, and parent corporations that permit the brand to earn greater volume or greater margins than it could without the brand name and that gives the brand a strong, sustainable, and differentiated advantage over competitors."

Biel (1922) defines 'Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product or services'.

Keller (2004) defines brand equity from the customer's point of view as 'the differential effect the brand knowledge has on consumer response to the marketing of the brand'.

David Aker defines brand equity as 'a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and or to the firm's competitors'. In other words, brand equity provides value to a firm in the form of price premium, trade leverage, or competitive advantage.

Brand Equity an Overview

A brands' assets can be categorized in five groups, are as below:

1. Brand loyalty
2. Brand name awareness
3. Brand's perceived quality
4. Brand association in addition to the perceived quality
5. Other proprietary brand assets like patents, trademarks, channel relationships, and so on.[2]

                                          Perceived
                                           Quality

         Name   Brand
         Awareness   Association

   Brand   Brand   Other Proprietary
   Loyalty   Equity   Brand Assets

Provide Value to customer   Provide Value to Firm
By Enhancing Customer's: by Enhancing:
   • Interpretation   • Effectiveness of
      Processing of   Marketing Program
      Information   • Price/ Margin
   • Confidence in the   • Brand Extension
      Purchase Decision   • Brand Loyalty
   • Use Satisfaction   • Trade leverage
                                                • Competitive Advantage

Brand Equity: an overview
From David A. Aaker; Managing Brand Equity (New York: Free press, 1991)

Strong brand equity enhances the brand's value which, in turn, affects share prices of its parent firm. This valuation is used for buying and selling of firms. Valuation of a brand is also important, as it represents investment of a firm's resources in creating and augmenting brand equity. In fact, lately, some firms are talking of including their brand's value in their balance sheets.

This is indeed futuristic, but it does represent a growing interest in a brand's valuation, particularly today, when we are moving towards a global market and global brands- an era that is going to be characterized by mergers, acquisitions, strategic alliances, and joint ventures.

Brand Loyalty

The starting point of understanding equity is the extent to which a brand enjoys customer loyalty. It is important to discriminate between habitual buying and brand loyalty.

For example, a house wife who repeatedly buys brand X detergent powder may not necessarily be loyal to it. She might be buying either because competitor brands are not available, or she does not find parity between brand X and competition, or she may be buying just out of habit. Many a time such repeat purchases are mistaken for brand loyalty. The real issue in brand loyalty is where the customer is committed one and the real test is if he or she will take extra effort to get it. In other words, will the customer go to another shop and ask for it or will he or she leave with substitute being offered by the shopkeeper or vendor? If the customer is indifferent to the brand and buys for feature, price, or convenience, there is little equity in the brand.

Brand Awareness

Another factor contributing to brand equity is brand awareness. It is the ability of a potential buyer to recognize or recall that a brand is part of a product category. In other words, the customer should be able to identify a firm's product in the retail stores or be able to recall its brand whenever he or she thinks of the product class. Brand awareness has to be thought of as 'a continuous range from an uncertain feeling that a brand is recognized to a belief that it is the only one in the product classes'. At the top end of this continuum is the brand that exists uppermost in the customer's mind.

This is the most desired condition that any marketer seeks. The next level is of all the other brand that are recalled by the customer in an unaided form the customer is asked to recall as many brands, as he or she is able to whenever one thinks of a product. Brand recognition is the third and, perhaps, lowest level. here customers are aided in recalling or recognizing brands or associating brands with a product class. This is important in the point of purchase.

Perceived Quality

One of the desired associations, a firm seeks for its brand is customer's perception of high quality. For, if the brand is perceived to be of premium quality, the customer will be willing to pay a premium for it. The firm will have greater trade leverage and channel members would have greater interest in dealing in such brands. A high quality brand also provides an adequate reason for the customer to buy it. It is important to note that perceived quality is not necessarily the same as manufacturing quality or product based quality. Perceived quality is how customers evaluate different brands on quality and hence need not be as objective as the other two are. High perceived quality means higher return on investment.

Brand Association

Invariably all brands come to acquire a meaning in the mind of customers associating different dimensions of the product, including its use and use situations, to the brands. Brand association, therefore, is anything linked to the memory of a brand.

Thus a jingle like' Happy days are here again' has been associated in the customer's mind with Thums Up. Surf is linked with economy minded middle class house wife-'Lalitaji'-in the advertisements. It is important, to not only know the association that exists with a brand, but also know the strength of these associations. For example, the name Tata is associated with quality. It is important to know how strong this association is and for a family name like this, which are the products with which this association is the strongest.

Based on these associations, customers form an image of the brand. This should generally support the positioning platform which the marketer has taken. A well positioned brand can help in creating an appropriate brand image.

Other Proprietary Assets

Other proprietary assets of a brand include its name, patent, channel relationship, and so on. it is important to note that a good and cordial relationships, with channel members can always enhance brand equity, because of the interest channel members will have in the firm's brands. Developing exclusive relationships, dealer councils, and rewarding higher performing dealers are some of the ways, by which these relationships can be strengthened.

Finally, a marketer has to consider the issue of extending the brand name to other products. In deciding for against it, the marketer should consider whether the new product will enhance the core brand's equity and whether the brand name aids the extension process.

The worst that could happen to the new product creating an association or image, that is harmful to the parent brand. A marketer needs to be careful to avoid such a crisis, when developing his new product decision.

Concepts and Criteria

One of the most popular and potentially important marketing concepts to arise in the 1980 was brand equity. Its emergence, however, has meant both good and bad news to marketer. The good news is that brand equity has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity. The

bad news is that, confusingly, the concept has been defined a number of different ways for different purposes. No common view point has emerged about how to conceptualize and measure brand equity.

Fundamentally, branding is all about endowing products and services with the power of brand equity. Despite the many different views, most observers agree that brand equity consists of the marketing effects uniquely attributable to brand.

That is, brand equity explains why different customer result from the marketing of a branded product or service than if it were non branded.

Branding is all about creating differences. Most marketing observers also agree with the following basic principles of branding and brand equity

- Differences in outcomes arise from the "added value" endowed to a product as a result of past marketing activity for the brand.

- This value can be treated for a brand in many different ways.

- Brand equity provides a common denominator for interpreting marketing strategies and assessing the value of the brand.

- There are many different ways in which the value of brand can be manifested or exploited to benefit the firm.

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Measuring Brand Equity

Brand equity is regarded as 'one of the key indicators of the state of health of brand' (Pappu, Quester, and Cooksey). The monitoring of this parameter elucidates the success of the brand in the market place and is believed to be a crucial step in the effective management of brand (Aaker 1992)

Measuring brand equity helps us in the following ways (Whitwell 2004)

- If we know the value of the brand, it is easier to accurately set royalty rates and transfer prices.

- The value of a brand can help in boosting the share price by generating positive public relations for the company.

- It helps the management effectively measure the return on investment (ROI)

- The brand valuation process helps throw light on a number of factors such as the performance of a brand relative to the competition; it is also helps identify the strength and weaknesses of the brand, and the various opportunities in the market, and the opinion of the customers. This objective opinion provides a useful insight in to the performance of a brand.

Methods to Measure Brand Equity

Brand equity consists of two components—brand strength and brand value—and to understand how customers evaluate brand equity, we need to have an understanding of both these components (Lassar, Mittal and Sharma 1995). We can measure brand equity in the following ways (Lassar et al. 1995; Sinha, Ashill, and Gazley 2008);

- *Brand value of financial performance:* Brand value is the financial gain accrued as a result of leveraging the brand strength. The financial performance is calculated to see how profitable the company is. This includes sector and regional analysis and the profitability of all its business units. Sector analysis includes the sector of which the brand is a part of example, the retail sector, FMCG sector, etc., and regional analysis includes the performance of the product category in a particular region. Both these parameters provide an understanding of the relative performance of the brand— that is the performance of the brand visa-vis the growth rate for the sectors and the regions.

- *Brand Strength or customer based measures:* Brand strength is the brand association in the minds of customers. This analysis helps in understanding what the customer thinks about the brand in relation to the competitor brands. As the study of the strength of the brand is done from the point of view of consumers, it can also be termed as customer based measures.

Brand Value

Conceptually, brand equity is 'the financial value endowed by the brand on the product' (Farquhar 1989), and this financial value generated can be measured by financial measures, which help investors in determining the value of a company or a brand. This is of particular relevance at the time of mergers and amalgamations. The limitations of using financial measures is that through they are beneficial for accounting purposes, they hardly provide guidance in the evaluation and implementation of marketing strategies responsible for building brand equity (Sinha et al. 2008). Haigh (2000) has suggested the following methods of calculating this.

Cost-Based Valuation

The value of brand is calculated on 'the basis of what is actually cost to create or what it might theoretically cost to recreate' the brand. Thus, 'historical advertising and promotion expenditures, campaign creation costs, trademark registration costs, etc. ' (Tremblay 2008) are taken into account. This, however, does not correctly reflect the current value of the brand, as the cost of generating a brand does not truly reflect the income generating potential of the brand.

Market-Based Valuation

If information regarding 'market transactions involving comparable brands is unavailable, it is possible to estimate one brand's value by comparing with another brand, ' This method is rarely used, as such data is scarce and due to the fact that each brand is unique and it will be difficult to compare brands.

Royalty-Relief Method

This method is based on the assumption that if the company did not actually own the brand, but had to license it from a third party, then what royalty would it have to pay for using the brand name. This is estimated by calculating the sales likely to occur in the future and 'then applying an appropriate rate to arrive at the income attributable to the brand royalties in the future years. The national brand loyalty is then discounted back to a net present value that is the bran value.' This method is widely used in India, as it is favoured by the fiscal and tax authorities and the courts, because the calculation is based on publicity available marketing and financial information (Economic Times 2007)

Economic-Use Method

This method 'takes into account the economic value of the brand to the current owner in its current use.' this is the most widely used method and just like the valuation of shares, it is cash-flow valuation'. This is measured by calculating the increase in gross profit due to selling a branded product versus selling an unbranded product.

Brand Strength

Customer based brand equity measures help in overcoming the limitation of the financial measures as they help managers evaluate marketing strategies. For example, promotional and positioning strategies can be evaluated by customer-based measures and

this evaluation can help managers build sound long-term health of their brand (Sinha etal. 2008). The two models that have been widely used to measure brand equity are as follows:

> Brand Asset Valuator
> Aaker Model

Brand Asset Valuator Model

Young and Rubicam, an advertising agency, based on their research with more than 20,000 consumers in 40 countries, developed the Brand Asset Valuator (BAV) Model (Kotler and Keller 2005; Keller 2008).

The key pillars for measuring brand equity as per this model are:

> Differentiation is the 'degree to which the brand is different from other' brands. It highlights the distinctive feelings that consumers develop for a brand and translates these feelings into the customer's choice, preference, and ultimately loyalty.

> Relevance refers to 'the breadth of the brand's appeal'. The more the brand appeals to the customer, the greater the household penetration.

> Energy is the ability of the brand to meet the future needs of the consumers and its ability and the changing financial performance of the brand.

> Esteem' measures how well the brand is regarded and respected, by the consumers.

> Knowledge 'measures how familiar and intimate people are with the brand'.

Aaker Model

Aaker (1996) came out with a set of measures to evaluate the performance of brands in a company's portfolio. It was found that financial measures, such as sales, profit, margins, etc. are short term and do not provide an accurate basis for investments into building brands.

According to Aaker, brand measures should:

Effectively evaluate brand equity All the measures of brand equity, such as awareness, associations, loyalty, and perceived quality should be evaluated. The measures should not focus on tactical strategies like advertising expenditure levels, but on the sustainable advantage that cannot be easily copied by the competitors.

Highlight constructs that prominently influence price levels, sales etc. The constructs that truly drive the market and influence the price levels should be considered, as they drive the future sales of the brand, and hence the profit.

Reflect the changes in brand equity over time The measures should be sensitive to market changes and if brand equity falls/increases/remains constant (due to tactical strategies), then the measure should reflect this.

Be applicable across and product categories and markets Standard measures make it easier to evaluate brands across product categories and different sets do not have to be worked out each time. When the measures are constant across product categories, then they give a true reflection of the performance of the brands in the portfolio of the organization and make it easier to allocate resources across brands.

Building and using Brand Equity

In the minds of many consumers, just having the brand name such as Sony, or Hallmark adds value to a product. In particular, brands like these connote favourable attributes (such as quality or economy). What we're talking about is brand equity, which is the value a brand adds to a product.

Brands rated the best in India and for comparison purposes-in automobile industry / cars. In fact, only four brands – Tata, Hyundai, Maruthi and Ford – were on the high lists of brands. Also note that only two cars – Maruthi and Hyundai – were topping the list and both were given high marks by users in India.

Brands are considered very important assets for a company. Given the importance of brands, several methods have been developed to measure their value one is consumer evaluations. Another method, developed by the inter brand consulting firm, considers the worth of a particular brand to be the present value of future profits that will be derived from products carrying that brand. In inter brand's latest ranking, all of the top – 10 brands are part of US Companies, with coca-cola, Microsoft and IBM at the top of the pack. The top-ranked brand from outside the US is Nokia of Finland.

If you are not convinced that a brand name by itself can have much value, consider some research results. In one study, the proportion of subjects choosing corn flakes cereal jumped from 47% when the brand was not known to 59% when the brand was identified as Kellogg's. In mid – 1990's when samples of computer buyers were asked how much more or less they would pay for particular brands rather than the average computer brand, there was

a difference range of ₹ 40,000. Brands commanding a premium included IBM, Compaq, Hewlett – Packard and Dell. It's evident that Kellogg's, IBM, Compaq, and many other brands have substantial equity.

We tend to think of brand equity as a positive aspect of a product. Occasionally a brand will lack equity or even have negative equity. In such a situation, a brand adds nothing or even detracts from the perceived ability of a product to do what it is supposed to do.

For example, in the research about computers, consumers typically indicated they would need a discount to select the Packard brand. Not surprisingly, picker is now struggling to survive. In the services field, during the late 1990s, Tran world, airlines suffered from financial problems and uneven customer service. Therefore, in the minds of many air travelers, the TWA airlines brand had negative equity. Seeking to establish positive equity as the 1990 ended TWA promoted its improved performance with respect to on-time arrivals and frequent-traveler satisfaction, even running large advertisements in business periodicals.

Building a brand's equity consists of developing a favourable, memorable and consistent image – no easy task. Product quality and advertising play vital roles in this endeavor. However, it substantial brand equity can be achieved, the organisations that owns the brand can benefit in several ways:

➢ The brand itself can become an edge over competition what we call a differential advantage, influencing consumers to buy a particular product. Examples, Ford Ikon and Samsung.

➢ Because it is expensive and time consuming to build, brand equity creates a barrier for companies that want to enter the market with a similar product.

➢ The widespread recognition and favourable attitudes surrounding a brand with substantial brand equity can facilitate international expansion.

➢ Brand equity can help a product survive changes in the operating environment, such as a business crisis or a shift in consumer tastes.

Brand equity is often used to expand a product mix, especially by extending a product line. The rationale for using an existing, strong brand name on a new item or line is that the brand's equity will convey a favorable impression of the product and increase the likelihood that consumers will at least try it.

If a brand has abundant equity that does not necessarily mean it should be applied to other products. Procter and gamble decided its hugely successful Pepsodent name could be used on different kinds of toothpaste but not on other product categories such as mouthwash. Strong equity does not guarantee success for new items or lines using the well regarded brands. For example, Levis tailored men's clothing and stop and shop of Chennai brand did not pass the test of continuing consumer acceptance.

Managing a Portfolio of Brands

Most companies have more than one brand; often they have more than one brand in a single product field. Each brand needs to be managed separately, but they also need to be managed together to avoid sub optimization.

The ideal situation is that each brand takes as many sales as possible away from competitors, but takes as few as possible from other brands. If each brand appeals to a completely separate segment from all others, there is no problem. Unfortunately, segments are rarely watertight and targeting is at best an inexact science.

Careful segmentation and positioning are the usual approach, and with constant refinement they can work well. Normally a firm with several brands in a product field will offer:

- A premium brand i.e. one that offers high quality and price;
- One or more 'flanker brands' offering either a value proposition (i.e., lower price for slightly lower quality) or a different set of benefits; and
- Possibly a 'fighting brand' to compete with the own label.

The main brand should occupy the centre of the defined market, in the segment containing the most consumers. Other brands can then be used either to increase total market share – by appealing to other segments – or as blockers to present competitors taking over those positions. If the central position is already occupied by a very strong competitor, it may not take sense to attack it head on, but to use flanking brands as the main assault.

A more recent name for arranging the portfolio is 'category management'. This means developing a strategy for the category as a whole rather than for individual brands separately and may include own label products packed for retailers. This has some appeal, and is often welcomed by the retailers themselves. This should make any company suspicious and

indeed one of the dangers of category management is that, in the short term, it is usually easier to maintain or increase sales by meeting retailers' demands than by concentrating on owned brands.

There is a tendency for the own label or brands designed especially for the retailer, to be given greater prominence than the manufacturers brands. Unless this tendency is resisted, the brands will gradually decline. The retailer is also not being entirely altruistic in accepting the manufacturers' offer of help in category management; since it involves considerable data collection, analysis, planning and monitoring, it is useful to have someone on the supplier's pay roll do it rather than attempting it on one's own.

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Learning Objectives

After reading this lesson, you should be able to:

➢ Appreciate the role of advertising promotion and the brand

➢ Understand the role of planning in advertising and sales promotion

➢ To know Leveraging of brand equity

➢ Understand brand value for non-business organisation

Introduction

There is no doubt that linking advertising and sales promotion together offers real advantage over using advertising or promotion alone. Nevertheless, while a brand's marketing communication profits from using advertising and promotion together, for most brands traditional advertising will almost always be more important. This stems primarily from advertising's brand attitude strength, and the fact that brand attitude should be the central communication effect for all brands marketing communication. This may seems surprising given the fact that traditional advertising receives only about one-third of all marketing communication spending. Unfortunately, too often brands get caught up in short term competitive marketing and rely too heavily upon promotion.

What makes using advertising and sales promotion together so strong in the interaction between the long-term effects of brand attitude on building brand equity, and the tactical advantages of promotion. Without a strong brand attitude, promotion effectiveness suffers. When advertising has been effective in generating a strong brand attitude, all the brands uses of promotion become that much more effective. There are two principal reasons for this:

➢ When a strong positive brand attitude is developed through advertising it means that when a brand does use promotion the target audience will see the promotion as a better value, and

➢ The strong positive brand attitude also means that when a brand's competitors use

promotion, the brand's target audience will be less likely to respond.

The logic here is straightforward. If consumers have a strong positive attitude towards a brand, they will be less likely to switch simply because of a competitor's promotion; and when a brand consumer like does offer a promotion of its own, they will be that much more pleased. Additionally, a promotion in that light will also tend to reinforce consumers' already holds positive attitude.

Advertising, Promotion and the Brand

By now it is clearly understood that the role of advertising and promotion in fast moving consumer good markets. Advertising has been seen as one of the primary tools of brand building. The high cost and difficulties of mass advertising are seen as one of the major challenges to fast moving consumer good brands.

Do all Brands Need Advertising?

The basic assumption is that brands need advertising but some strong brands apparently do not. Spencer used to spend almost nothing on advertising, yet it was an enormously powerful brand. The body focus seems to have built up a distinct brand personality without heavy advertising. The stores themselves are – in their way – advertising, and it is difficult to think of major brands other than retailers that have done without advertising.

It is extremely difficult to adjust brand reputations without controlled communications. It is noticeable that in early 1990s when Spencer was in serious trouble, it started to use advertising to help recover its reputation. There are niche brands that have built up a reputation by word of mouth, or by making sure that they were newsworthy. Sometimes they achieve this through public relations, at other times they achieve it just by being controversial and there are many ways in which a brand can try to become famous.

We can safely make three statements about brand communication:

➢ Every brand must have some means of communicating with its buyers. This may not be advertising, but it must be direct if it is to be controllable.

➢ Many other methods of communication are available, and can be used to gear up and multiply the effects of advertising. Newsworthiness and fame can be achieved, but the message has to be one that is really new and interesting.

> All the means of communication and the messages transmitted must be co-coordinated to make sense, confused consumers don't buy.

What can Advertising do?

Huge money is being spent on advertising, by so many bright people, that it is not surprising that theories abound as to what it does and how it does it. Sadly, most of these are based on myth and personal experience rather than hard, scientific evidence.

Large, sophisticated companies – the Hindustan lever, Procter and Gamble – have been working for decades on the problem. Any firm that really wishes to find out how advertising works for them must commit itself to the same sort of long-term experimentation, data collection and model building that the organisations have. Readymade solutions are not likely to be of more than general help.

Advertising elasticity's – that is the measure of how sales changes in response to a change in advertising spend – is low. They are significant in 35 per cent of cases for established brands and 55 per cent of cases for new brands. The findings show that:

> In two-thirds of campaigns for existing brands and almost half those for new brands, the advertising does not significantly affect sales and

> Short term advertising elasticity's can be measured but they are likely to be very small.

Advertising effects are weaker in unambiguous product fields and stronger where products are new and / or ambiguous.

Long term effects may last two or three years after the initial campaign, so where advertising does produce a sales effect, its profitability should be measured over that period. Even if advertising produces no sales increase, it may be contributing to the maintenance of brand share or building up brand equity.

There is a Price Paradise

The standard model of advertising and the brand suggests that a strong brand is less sensitive to price than a weaker one. When advertising increases sales, the average sensitivity to price also increases. In other words, a seemingly successful campaign has made buyers more sensitive to price, where as we would expect our brand buyers to be, if anything, less sensitive.

What can Promotion Do?

Like advertising, promotion can do more things than just affect sales. First it can induce consumers to try a product; because trial is hugely important in producing market share, anything that increases it is invaluable. A successful promotion that induces new tries to buy is therefore a vital weapon. It is then up to the performance of the product itself – and the subsequent actions of the rest of the marketing mix – to persuade that buyer to continue buying.

Promotion can also create excitement. In any crowded market place, you need to stand out. One way of doing this apart from advertising is having occasional creative promotions. Finally promotions can produce a trade push; if advertising produces consumer pull, the trade promotion ought to produce channel push i.e. pushing products into the distribution chain and relying on the channel members to sell them on.

There is a potentially much more deadly long-term effect of too much promotion – the subconscious, message that constant promotion sends to consumers. Constant promotion may devalue the brand, sending almost the opposite message to the one you want to send.

Planning Advertising and Promotion

The advertising and promotion plan is only one part of the overall marketing plan and must fit within it. In order to start the advertising plan, we need some background – which is not a very formal restrictive planning, but for a process of thinking through what the advertising and promotion are trying to achieve.

From the brand plan we should expect to find the following elements.

- ➢ A situation analysis (where we are and why)
- ➢ Objectives (what the brand is aiming for in sales, share and other targets)
- ➢ Positioning (how the brand is positioned in the consumer's mind, and how we wish to change this);
- ➢ Strategy (how the brand is going to compete in this market)
- ➢ Advertising strategy (what role advertising has within the overall strategy) and
- ➢ Budget (what moneys are available to spend on advertising promotion).

Advertising objectives must include long-term brand building. They may of course also include shorter-term tasks such as announcing a new variation or promotion.

Promotions should be integrated into the overall marketing process. Irrelevant promotions may harm the brand. Good practice sees the objectives of promotions set at the beginning and in the context of the communications strategy, so that suitable, relevant promotions consistent with the brand's values can be planned. Promotions agencies are very good at coming up with ideas, as are advertising agencies, but the ideas must contribute to, and express, the brand's values.

Leveraging Brand Equity

Increasing brand awareness not only means that selling more products but also finding opportunity to sell more products by leveraging brand equity. Consider Coleman, the long-time maker of camping equipment. The company decided to expand into the home outdoor grill category. After considering a variety of new grill designs, it decided to go with a traditional design but differentiate the new product from other grills by colouring it in Coleman's "signature green." To outdoor enthusiasts, this colour is almost as well known as the Coleman name. The use of the green immediately communicates that a product is "a Coleman." Because of the brand equity inherent in the new grill, it got immediate distribution in Sears and Home Depot, among other retailers, and captured a 5 percent share of the outdoor grill market in first year.

A variety of strategies allow marketers to take advantage of brand equity. Among them are adding new distribution channels, extending the product line sold under the brand name, co-branding with another brand, and licensing the brand to other manufacturers to use on their products.

Broadening Distribution

Tupperware, for years sold only at home parties, is now available at target stores. Getting mass merchandiser and grocery chain distribution is extremely difficult and expensive for most brands. But when a brand has developed strong customer loyalty, these types of stores are eager to carry them.

Brand Extension

Another way to leverage brand equity is brand extension, which is the application of an established brand name to new product offerings. Brand extension is generally most

successful when it involves similar products. Within the last few years, for example, premium car manufacturer such as BMW, Lexus, and Mercedes- Benz

Co-Branding

Like multi-tier branding co-branding is a strategy that capitalizes on using two brand names (owned by separate companies) and provides customers value from both brands. Co-branding helps companies that sell commodity products, such as credit cards and air travel, to differentiate them. Co-branding involves a contractual relationship between two marketing partners, such as Visa and the United Airlines Mileage Plus program.

Brand Licensing

A strong brand can be licensed. In essence, brand licensing is renting the brand equity to another company, which benefits from the association. The beauty of brand licensing is that the company owning the brand can continue to use it while also collecting a fee for the brand's use by another company.

Ingredient Branding

Another way to add value to brand is through ingredient branding, using the brand name of a product component in the promotion of another company's product. The "Intel Inside" message used by various computer hardware manufacturers is good example.

Leveraging Brand Values For Business and Non-Business Contexts

The reputation of the brand is a source of demand and lasting attractiveness, the image of superior quality and added value justifies a premium price. A dominant brand is an entry barrier to competitors because it acts as a reference in its category. The brand can enter other markets when it is well known, is a symbol of quality and offers a certain promise which is valued by the market. The Palmolive brand name has become symbolic of mildness and had been extended to a number of markets besides that of soap, for example shampoo, shaving cream and washing up liquid.

In determining the financial value of the brand, the expert must take into account the sources of any additional revenues, which are generated by the presence of a strong brand. Additional buyers may be attracted to a product which appears identical to another but which has a brand name with a strong reputation. If such is the company's strategy the brand may command a premium price in addition to providing an added margin due

economies of scale and market domination. Brand extensions into new markets can result in royalties and important gearing effects. To calculate this value it is necessary to subtract the costs involved in brand management; the costs involved in quality control and investing in R & D, the cost of national, indeed international sales force, adverting costs, the cost of a legal registration and the cost of capital invested.

The financial value of the brand is the difference between the extra revenue generated by the brand and the associated costs for the next few years, which are discounted back to today. The number of years is determined by the business plan of the values. The discount rate used to weigh these future cash flows is determined by the confidence or the lack of it that the investor has in his forecasts. However, a significant fact is that the stronger the brand, the smaller the risk. Thus future net cash flows are considered more certain the stronger the brand.

The Following are the three generations of profit of the brand;

- ➢ The acceptable price premium
- ➢ The differential of alteration and loyalty and
- ➢ The differential of the margin

These gearing effects work on the original market for the brand but they can be offered subsequently in a variety of forms on other markets and for other product categories, either through direct brand extension or through licensing from which the manufacturer benefits from royalties.

Once these generations are measured in rupees or any other currency they may serve as a base for evaluating the marginal profit which is attributable to brand management. Now-a-days a key element of brand equity is understanding and adapting to the logic of distributors and developing good relations with the channels.

The value of the brand and the legitimacy of a company implementing brand policy depend on the difference between the marginal revenues coming from the generators of profitability and the necessary marginal costs associated with brand management.

Brand Values for Non-Business Organisations

Most of the marketing examples are generally drawn from the business sector. Starting in 1990s, there has been a broadening of marketing to cover all organisations.

All organisations have marketing problems and need marketing skills. The non-profit and public sectors account for more than a quarter of the Indian economy and are in great need of management and marketing skills.

Many non-business organisations – college, hospitals, social service organisations, charities, museums, government agencies, and trusts – are experiencing difficult times. They are losing clients on the one hand and finding it more difficult to raise public and private funds on the other hand many are being forced to charge fees for formerly free services to earn extra income. In certain cases, commercial businesses are complaining about unfair competition from the non-profits.

All of this has increased the interest of non-profits in the area of marketing. Many non-business organizations are vying with each other to promote their brand value in the market. They use brand as a tool to mobilize finds from the public to fulfill their objectives. For example, in Chennai, banyan, a non-profit organization which looks after the socially, economically and mentally retard women, promotes its brand effectively in India and abroad so as to raise funds for its noble cause. Another organization is „vuthavum karangal (helping hands) which is taking care of socially and economically deprived children in Chennai. It is also taking steps to promote its brand to get recognition from the corporate world so that it can get funds for its social cause.

There are several dangers in the aggressive promotion of brand value. In fact, aggressive promotion can create negative reactions especially the donor, who regards hard branding as offensive. Also, hard promotion may turn off as many clients as it turns on. Care must be the best word to

Self Assessment Questions

1. What is brand equity?
2. Write down the concept and criteria of brand equity.
3. What are the methods of measuring brand equity?
4. Write short note on:
   (a) Brand Loyalty
   (b) Brand association
   (c) Perceived quality
   (d) Brand awareness
5. Briefly explain the concept of sales promotion.

6. What are the different methods of sales promotion?

7. What are the objectives of sales promotion?

8. Explain in detail the stages involved in implementing a sales promotion strategy.

9. Write short notes on:

   i) Push strategy

   ii) Pull strategy

   iii) Sales promotion and product life cycle.

10. Does a sales promotion scheme induce buying? Substantiate your answer.

11. List out the various sales promotion tools available and briefly explain their features.

12. Write a note on:

   (i). Surrogate selling

   (ii). Bait and switch advertising

13. Define Brand equity. Explain the method of building, measuring and managing brand equity.

14. How advertising and sales promotion is linked to achieve brand standing?

15. Explain the role of brand value for business and non-business organizations.

CASE STUDY

CASE - 1

Close –Up

Close-Up ranked No.5 in A & M's Top Brand Survey of 1997, three ranks below its arch-rival Colgate. By 1999, Close-Up was No.15. Since its introduction in the Indian market in 1975, Close-Up has been the closest challenge to Colgate, which is the top brand in the category. According to Hindustan Liver Ltd, the marketers of Close-Up, the typical consumer had no qualms about not keeping germs at bay during the night but rather cared more about fresh breath in the morning.

The advertising agency, Lintas, has played on bad breath scare and targeted a typical college student who would be motivated by what brushing did to his social acceptance. It was hoped that once Close-Up entered homes, older consumer would also start using it and start discard Colgate. To counter Colgate's famed Suraksha Chakra, Close-Up released ad asking consumers to do the "fighting bad breath".

The intimacy between couples, portrayed in Close-Up commercials, was seen as disturbing the Indian mother's sensibilities and hence the ads focused on the gregarious couple, as this group oriented closeness was seen to be more acceptable to mothers, who are the actual buyers of house hold toiletries.

Both Colgate and HLL introduced line extensions of their brand, improve packaging and did aggressive promotions. Close-Up has been strong in the South. It has been quite weak in the East. In West Bengal, HLL roped in popular singer Anjan Dutt to reach out to the old and young alike.

(*Source: A&M magazine*)

Questions

1. Analyze the case and determine which promotion strategy, 'pull' or 'push' would be appropriate.

2. Suggest two 'pull promotion for Close-Up to load the trade. Why do you think these promotions would be successful?

3. Develop a sales promotion design for Close-Up.

CASE - 2

Healthy World

After introducing popcorn and Sundrop cooking oil, ITC Agrotech launched wheat flour (atta) under the brand name Healthy world. US-based food products firm. Conagra, has 51 percent stake in ITC Agrotech. The vice president says, "We took an Indian perspective out of the Conagra portfolio, when relevance to the local palate … Healthy World marks out entry into mass market products."

Priced at ₹ 18.50 for a 1 kg pack, Healthy World comes in packs ranging from 500 gm to 5 k.g. ITC Agrotech claims that it spent nearly one year on R&D before launching Healthy World. bench marking it against national players in the branded atta category; players like Hindustan Lever Limited (Annapurna) and Pillsbury. There are several regional brands too. Parameters such as softness, taste, colour and texture preferences are said to have been looked into in detail before finalizing the variant, "Our research revealed that the preferences in the North and South of India differ distinctly across almost all parameters

of atta. While creamish to white colour and finer size is preferred in the South, the North consumer is more discerning as far as taste goes," informs this marketing manager.

Consumer in the South are more receptive to branded atta, but the North leads in consumption, where average monthly household consumption is 27 kg. as against just 3 kg. in South.

Conagra claims to be the largest miller in the US. ITC Agro took over the atta manufacturing portion of a partner in Chennai to streamline it in line with its parent company's manufacturing process. What will also help ITC Agro is the fact that it has established itself as a health conscious manufacturer with Sundrop. The distribution network is already in place. In fact, the Healthy World packs too leverage this with the image of the boy somersaulting (The Sundrop trademark) with the proclamation – "from the maker of Sundrop".

The branded atta market is estimated to be in excess of ₹ 350 crore, with category advertising spend of about ₹ 20-25 crore. The theme line of Healthy World says, " More health More Energy."

(*Source: A&M, March 31, 2000*)

Questions

1. Develop a sales promotion plan to encourage continued consumption of Healthy World in North India.
2. How would you make your sales promotion competition proof?
3. How would you evaluate the result of this promotion?

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