UNIT 1: ADVERTISING-BASIC CONCEPT

UNIT STRUCTURE

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1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to -

- define the term advertising
- explain the objective of advertising
- outline the functions of advertising
- discuss types of advertising

1.2 INTRODUCTION

This unit introduces you to the basic concept of advertising. Advertising is nothing but a paid form of communication. As a consumer, you are exposed to many commercial messages every day. They may appear in the form of billboards, or in the form of newspaper ads, TV commercials, coupons, publicity, event sponsorships, telemarketing calls, or even e-mails. These are just a few of the many communication tools that companies and organizations use to initiate and maintain contact with their customers,

clients, and prospects. We may simply refer to them all as “advertising.” But, in fact, the correct term for these various tools is marketing communications. And advertising is just one type of marketing communications. Advertising provides information about products and services to the consumer. Advertising creates awareness about product or services to the consumer. Advertising is a paid form of non personal presentation about any product, services or ideas through any sponsors. There are different media involved in advertising like, print media, broadcast media and interactive multimedia. To create any advertisement, generally companies give the responsibility to some advertising agency.

1.3 CONCEPT OF ADVERTISING

Advertisements have various objectives, sometimes other than just selling products. However, before designing and classifying ads, answers to following questions are essential:

What do I want my advertising to accomplish? i.e. specifying goals.

- What should be my advertising address?
- Target audience.
- Demographics e.g. gender, age, location or business etc.
- Behaviours e.g. current awareness about your business.
- Needs & desires e.g. benefit which consumers look for in a product.
- What should my advertising say?

To sum up, the message should speak to the target audience and the marketer should be able to decide where to place the advertisement. Selection of media to place advertisement isessential but before advertising we must determine the purpose of doing so and identify, whether it is a product or a non-product.

Advertising has been an integral part in today’s global marketing scenario. Advertising can be defined as a paid persuasive communication that uses non personal mass media, as well as other forms of interactive communication to reach a broad audience to connect an identified sponsor with a target audience”.

The word ‘advertising’ originates from the Latin word ‘advertere’ which

means to turn attention towards a specific thing. The dictionary meaning of the term is to give public notice or to announce publicly. Advertising has been variously defined by different experts. The American Marketing Association, Chicago, has defined advertising as "Any paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor."

According to Philip Kotler, "Advertising is non-personal form of communication conducted through paid media under clear sponsorship." Advertising is persuasive, informative and it is designed to influence the mass population. Advertising may cost a lot of money but that cost is justified if it works effectively and economically.



Some of the examples of advertisements for different products are shown above. From the above definition of advertising, we can summarize the characteristics of advertising as:

1. It is non personal communication to specific consumers
2. It is a paid form of communication by an identified sponsor.
3. It disseminates information about products or services to the consumers.
4. It persuades people to buy a product by creating interest of the prospective buyers in the product.
5. It is an essential form of communication for introducing a new product in the market.
6. Written or oral messages are addressed to selected customers.
7. It influences the general public to buy products or services.
8. Advertising messages are identified with the advertiser.
9. It is a commercial transaction that forces the advertisers to pay the publishers whose media is used.
10. It is the promotion of ideas, goods and services.

11. It stimulates sales or patronage for the product.
12. It is salesmanship in print.
13. It is an essential form of communication for introducing a new product in the market.

1.4 OBJECTIVES OF ADVERTISING

The main objective of advertising is to sell product or services. In order to do this the advertiser has to communicate the offerings of producer to the ultimate consumers. According to Huigy and Mitchell," the purpose of advertising is to sell goods, services or ideas to a large group of prospective purchasers". The followings are the other important objectives of advertising:

- **Promoting new product:** Advertising is most essential, when a new product is introduced in the market. In this way advertisement may be used for preparing a ground for sale of new product.
- **Creating awareness:** Advertisements help in building awareness about new product or services.
- **Generating Demand:** Advertising creates a favourable atmosphere for maintaining or improving sales. The prospective customers may be induced to buy a product, by informing them about the comparative quality, price and other attributes of that product.
- **Educate the consumers and users:** Advertising provides information to the consumers, which educates them about the product.
- **Helps in building brand image and brand loyalty:** Through repetition of advertisement brand image can be built in the mind of customers, which helps in creating brand loyalty.
- **Forming attitude:** Advertisement helps in forming positive attitude towards any product or service.
- **Facing competition:** The producer informs the consumer about the price, quality and availability of the product, which helps in eliminating competition.
- **Informing about the changes to the consumers:** It informs the consumers about the changes in quality, packing, design, size, price etc.

- **Forcing middlemen to handle the product:** The objective of advertising is to force the middlemen to handle a particular product by creating popularity among customers.
- **Performing selling job:** The objective of advertising is to perform selling function, e.g. in mail order business the selling function is performed by advertisement.
- **Assisting salesman's effort:** Advertising also assists the salesman's effort in increasing sales of a product. Since the advertisement educates the customers about the product, the function of the salesman remains simply to sell the product.

1.5 SCOPE OF ADVERTISING

The scope of advertising is quite wide. It is applicable to consumer goods, durables, services like banking and insurance, ideas and almost everything that we come across. Advertising performs a number of functions, which can be categorized as follows:

1) Primary Functions:

- It attracts customers and helps the marketer in promoting new products
- It assists the dealer to sell the advertised goods effectively.
- It persuades dealers to stock advertised goods sufficiently.
- It develops brand name.
- It increases use through reputation of advertising.
- It eliminates seasonal fluctuation of sales by offering something extra.
- It also helps in improving standard of living of the customers.

2) Secondary Functions: The secondary function of advertising is

- To assist salesmen and boost their moral.
- To increase profits by increasing sales.
- To reduce production and selling cost by increasing sales.

FUNCTIONS OF ADVERTISING TO THE MARKETER

Advertising is a tool which can help the advertiser in following ways:

- To make product distinct from others.
- To communicate information.

- To push the customers.
- To expand distribution.
- To encourage brand preference.
- To reduce sales cost.



CHECK YOUR PROGRESS

Q 1: Define advertising.

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Q 2: State any two objectives of advertising.

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1.5 SOCIAL IMPLICATIONS OF ADVERTISING

The issues regarding social implications of advertising can be discussed under several perspectives. In the last unit of this book we have discussed these issues more elaborately. The first consideration is nature and content of the advertising to which people are exposed. We need to ask some questions.

i. Is advertising inherently unethical?
ii. Is advertisements wastage of money?
iii. Are appeals used to manipulate consumers against their will?
iv. Is advertising too repetitious?
v. Is it too preoccupied with sex?
vi. Are advertisements damaging to children?
vii. What is the effect on society's values and lifestyles?
viii. Can the power of advertising lead to the control of the market by few firms, which will weaken competition and raise consumer prices?
ix. Does advertising promote harmful products?
x. Is alcohol and cigarette advertising ethical ?

These are some of the questions which are concerned with scope and social implications of advertisements. That it fosters materialism at the expense of other basic values is highly criticized. A much wider range of

ethical issues and concerns are now being addressed as packaging, professional services ads by physicians, attorneys, accountants and emerging social issues about environmental or green marketing etc.

At the same time it is also held that advertising has an effect on society's economic well-being and the efficiency of the operation of the economic system. There is considerable overlap between what many consider to be ethical issues and the issues of manipulation, taste and advertising's effects on values and lifestyles.

Does advertising manipulate? The essence of a free marketplace and a free society is the freedom to make decisions to select or not select a particular brand. Some feel this freedom is overpowered by advertising which can manipulate a buyer into making a decision against his or her will. When advertising utilizes appeals that go beyond a basic communication, the charge of manipulation via emotional appeals is raised. The implication is that with emotional appeals the consumers will make less than optimal decisions. Dishwashing liquids are advertised as 'sweeping away the dullness of life'. Bath soaps have 'rejuvenating capacity' and so on. These observations are related to issues of deception. There is also a general claim that advertisers have the raw power to manipulate consumers by their capacity to generate large numbers of ad exposures and highly sophisticated scientific techniques to make ads effective. However, the fact remains that consumer behaviour and consumer choice are determined by many factors in addition to advertising- the advice of friends, decisions and lifestyles of family members, news stories, prices and so on. Advertising is but one of many variables and it has a limited role.

In addition to the above, the discussion on the functions and concepts like USP, DAGMAR etc will substantiate that advertising serves a lot many other useful purposes like developing awareness about goods, services, ideas etc. It sustains the competitive spirit. Moreover, advertising is an industry for which we find the sustainability of newspapers, magazines, TV programmes etc. The advertisements provide sufficient revenue for them to sustain.

1.6 CONCEPT OF USP AND DAGMAR

1.6.1 U.S.P. (Unique Selling Propositions)

The **Unique Selling Proposition** (also known as **Unique Selling Point** or **USP**) is a marketing concept that was first proposed as a theory to understand a pattern among successful advertising campaigns of the early 1940s. It states that such campaigns made unique propositions to the customer and that this convinced them to switch brands. The term was invented by Rosser Reeves of Ted Bates & Company. Today the term is used in other fields or just casually to refer to any aspect of an object that differentiates it from similar objects. The USP is the outstanding quality of a product to be stressed in its advertising. If the USP is honest enough, it is up to the copywriter skill to write convincingly and to the visualizer's responsibility to put it excitingly.

Some good current examples of products with a clear USP are:

- Head & Shoulders: "You get rid of dandruff"
- Domino's Pizza: "You get fresh, hot pizza delivered to your door in 30 minutes or less — or it's free."

1.6.2 DAGMAR Model

The full form of DAGMAR is Defining Advertising Goals for Measured Advertising Results. It is basically an approach to setting up advertising goals and using those goals to measure the advertising performance.

DAGMAR model suggests that the ultimate objective of advertising must carry a consumer through four levels of understanding: from **Unawareness to Awareness**— the consumer must first be aware of a brand or company ; Comprehension—he or she must have a comprehension of what the product is and its benefits; Conviction— he or she must arrive at the mental disposition or conviction to buys the brand; Action—finally, he or she actually buys

the product.

We will discuss the DAGMAR approach briefly in unit 4.

1.7 TYPES OF ADVERTISING

Following are the major types of advertising:

- **Product Advertising:** When advertising promotes the sale of a product, it is known as product advertising. It is the most common form of advertising. Suppose to sell a "Maruti- A Star" car, the promoter will give product advertisement on A-Star.
- **Institutional Advertising:** Institutional advertising is also called corporate advertising. These messages focus on establishing a corporate identity through building goodwill. Institutional advertising is done to build good public relation's image in the market for the marketer and a patronage for its products.
- **Consumer and Industrial Advertising:** When advertising is directed to attract the consumers who buy for ultimate consumption, it is called consumer advertising. For example biscuit, tea etc fall under this type of advertising. Again industrial advertising is one which is directed to attract the industrial users to purchase the product advertised.
- **National and local advertising;** National advertising is sponsored by the manufacturer or the producer and is intended to cover a wide market. On the other hand ,local advertising is sponsored by the retailer and it covers only local market.
- **Commercial and non commercial advertising:** Commercial advertising is concerned to increase the sales of commercial enterprises. The forms of commercial advertising are- industrial advertising, trade advertising, professional advertising etc. Again non commercial advertising is undertaken by non-profit organisations such as government, charitable institutions, etc. to support ideas and donations etc.
- **Rational and emotional advertising:** Rational advertising explains the reason for going to a particular product. For example Colgate toothpaste advertising is rational. On the other hand emotional

advertising attracts the consumer through emotional feelings. For example, Cadbury Dairy Milk- celebration shows the emotional touch in their advertisement.



CHECK YOUR PROGRESS

Q 3: State true or false

(i) Advertising is a non-paid form of company information. (True / False)

(ii) Advertising provides information to the consumer which educates them about the product (True / False)

(iii) Advertising helps salespersons in promoting the product (True / False)

(iv) Advertising assists dealers to sell the advertised goods effectively (True / False)

(v) National advertising are sponsored by local retailers (True / False)

Q 4: What is USP and DAGMAR?

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1.8 LET US SUM UP

In this unit we have discussed the basic concepts of advertising.

- Advertising is a paid form of non personal communication about any product, service or ideas, whose purpose is to inform potential customers about products and services and how to obtain and use them.
- Many advertisements are also designed to generate increased consumption of those product and services through the creation and reinforcement of brand image and brand loyalty.
- For this purpose advertisements often contain both informative and persuasive messages.

- The USP is the outstanding quality of a product to be stressed in its advertising.
- The full form of DAGMAR is Defining Advertising Goals for Measured Advertising Results. It is basically an approach to setting up advertising goals and using those goals to measure the advertising performance.

Different types of advertising are:

Product advertising

Institutional advertising

Consumer and Industrial Advertising

National and Local Advertising

Commercial and Non commercial advertising

Rational and emotional advertising



1.9 FURTHER READINGS

1) Kotler, Keller, Koshy and Jha (2008),*Marketing Management*, 13th Edition by Pearson Education, 2008

2) Wells, Moriarty and Burnett (2007), *Advertising- Principle and Practice* Seventh Edition, Pearson education

3) Rajan Saxena (2007) *Marketing Management* 3rd Edition by , Tata McGraw Hill Publication



1.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Advertising is "any paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor."

Ans to Q No 2: (i) Promoting new product and (ii) creating awareness for

different products.

Ans to Q No 3: (i) False (ii) True (iii) True (iv) True (v) False

Ans to Q No 4: USP: Unique Selling Proposition

DAGMAR: Defining Advertising Goals for Measured Advertising Results



1.11 MODEL QUESTIONS

A. Short Question (answer in around 150 words)

Q 1: What are the different types of advertising?

Q 2: What are the objectives of advertising?

Q 3: What are the functions of advertising?

Q 4: What is USP?

B. Long Question (Answers in around 300-500 words)

Q 1: Explain DAGMAR approach.

Q 2: Discuss the different types of advertising with the help of examples.

Q 3: Analyse the effects of advertising on the society.

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