UNIT 4 : MANAGING ADVERTISING I

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Developing and managing advertising programme

4.3 Setting advertising objectives

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4.1 LEARNING OBJECTIVES

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

- describe the process of developing and managing advertising programme
- mention the way of setting advertising objectives
- explain the DAGMAR approach to advertising
- elaborate the process of setting advertising budget.

4.2 DEVELOPING AND MANAGING ADVERTISING PROGRAMME

The concept of managing and developing an advertising programme vary from one organization to another. Advertising, as we already know is any paid form of non personal presentation and promotion of ideas, goods or services by an identified sponsor therefore there will be significant variations in the way organization carry out their advertising campaign. Not only is advertising confined to the business establishments but is also equally apparent in other non profitable and charitable organizations that aims at directing the message to its target audiences. That advertisement is a way to propagate messages is the ultimate reality for any organization

irrespective of the services provided by them. Though the process of developing an ad for a multinational corporation like Pepsi or for a Government campaign like eradicating polio are different, but the prime motive is the same, i.e. to create awareness in its respective target group.

Having the right product at the right place and at the right time does not guarantee its sale unless the information about it availability, its utility and price are effectively communicated to the right target audience. Therefore, companies have their own separate advertising department whose job is to propose a budget, develop advertising strategy, approve ad campaigns and handle direct mail advertising. It is important for marketing managers to identify the target market and buyer motives prior to developing an advertising programme. Only then they should take up the major decisions in developing a programme which is commonly known the "five Ms" viz; Mission, Money, Message, Media and Measurement.

Mission: It states the objectives of the advertising. It also includes the sales goals of the company.

Money: It gives an idea that what amount of money should be spent by the business firm for its advertisement. Factors to be considered here are the stages of product life cycle, the market share and consumer base, competition, advertisement frequency and product substitutability.

Message: Message includes what information should be conveyed by the organization to its target audience. Message generation, message evaluation and selection, message execution and social responsibility review form the overall message.

Media: The selection of the appropriate media is an essential part of developing an advertisement. The type of media so selected should be able to reach a wide audience base effectively and efficiently.

Measurement: It is the evaluation of the result. It measures if the information has been communicated properly which will be reflected in the overall sales of the organization.

5.3 SETTING ADVERTISING OBJECTIVES

An advertising objective can be defined as a specific audience

response a marketer anticipates from a particular advertising message. Marketers have developed a number of methods to set advertising objectives. The "hierarchy-of-effects model" is one such model that helps set advertising objectives as marketers can gauge the impact an advertising message will have on consumer decisions. Creating awareness, generating knowledge about the product, liking, preference, conviction and purchase are the steps in the hierarchy of effect model. In general, marketers prefer to set sales-oriented advertising objectives as increasing sales or profitability is the ultimate objective of any advertising effort. While sales are an inevitable objective, the campaign should also work towards achieving other objectives that influence a customer to purchase a product. Some of these objectives are as follows:

i) **Creating awareness and encouraging information search:** Creating awareness about the firm, its products and their capabilities is the first step towards influencing the customer's product preference. The advertisement promotes the product and also creates awareness about the company. These advertisements describe the main features or characteristics of the product, its price and place of its availability. If a new product is being launched or re-launched, marketers have to modify the objectives accordingly. Marketers cannot assume that a customer will purchase a product based on the information provided in the advertisement. So, advertisements also have to serve as prompts, encouraging viewers or readers search for more information.

   For example, some advertisements end with an appeal to visit websites, call up toll free numbers or avail free samples. The effectiveness of such advertisements can be measured by counting the number of incoming calls requesting for information, or the number of clicks received on the website.

ii) **Persuading/Prompting direct action:** An advertisement, which has persuasion as the objective, aims at encouraging the target audience to buy the product. It also attempts to make the target audience switch brands and also create a preference for the advertised brand. The objective of persuasion is generally used in a very competitive market.

For example, Procter and Gamble in the advertisement of "Tide" detergent, uses the tag line *"white hein to tide hein* (if it's white than it's tide)". It emphasizes that its own brand of detergent gives spotless white and thereby persuades customers to buy it if they want brighter clothes. This advertisement is aimed at direct action to persuade the customers to make a purchase decision.

iii) **Reminding or reinforce attitude :** Established brands also advertise with the aim of maintaining interest and awareness of the product. This is for product in the mature or decline stage of the product life cycle. Reminder advertising, also known as retentive advertising, tells the customer that the product is still available.

For example, the ads on Colgate toothpaste.

iv) **To relate the products to needs :** Advertisements having this aim try to establish a link between the needs of the target audience and product usage.

For example, people need protection from mosquitoes during evening hours and especially at night. Godrej, in its product 'Good Knight', a mosquito repellent, uses this information and assures in its advertisement that its product gives protection from mosquitoes all night.

v) **To modify attitudes :** If a company's product has somehow developed a bad image or reputation in the market, then it needs to urgently alter this, by changing the attitude towards the product.

For example, after ruling the market for decades, Nestle's 'Maggi noodles' had a bad reputation and image of the presence of lead that made it risky to consume and thereby exit the market for quite some time. However, the company in its aggressive marketing campaigns like "We Miss You too", "Nothing like Maggie", "Welcome back Maggie" had changed the attitudes of the people.

Even if a company is introducing a new product category in the market, a change in attitude is required.

Sales Oriented Objective

Advertising objectives that are aimed at immediate sale or increasing

market share are called sales objectives. Many marketers prefer to set advertising objectives in terms of sales, as increasing sales in the ultimate objective of any organization. Sales-oriented objectives are not appropriate if the sale of a product is affected by factors other than advertising.



CHECK YOUR PROGRESS

Q 1: State the five Ms of developing an advertising programme.

Q 2: "Hierarchy-of-effects model" help set .....

Q 3: State three objectives of developing an advertising programme.

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Q 4: Give an example of "relating product to needs advertising".

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Q 5: Advertising objectives are also aimed at sales because.

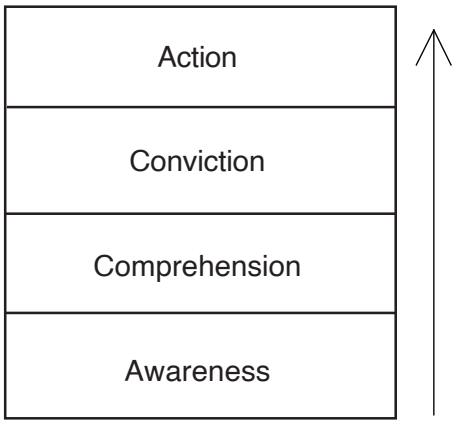
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4.4 DAGMAR

"Defining Advertising Goals for Measured Advertising Results", abbreviated to DAGMAR, was proposed by Russell H. Coney in 1961. Coney suggested that achievement of a hierarchy-of-communications objectives leads to actual purchase. He suggested that marketing goals and advertising goals were different. Marketing goals are measured in terms of sales whereas advertising goals are measured in terms of the customers' movement along the hierarchy.

Figure 1: The DAGMAR Model



In the above figure,

Awareness: In this stage, the customer becomes aware of the product.

Comprehension: The customer is aware of the product characteristics and its uses. He is also familiar with the brand name and brand logo.

Conviction: This stage refers to the emotional decisions of preferring one brand to the other.

Action: In this stage, the purchase is made.

The DAGMAR model assumes a high involvement "learn-feel-do" hierarchy. As advertising and marketing goals are deemed distinct, advertising goals can be specifically tracked and measured. With the help of DAGMAR model, the effectiveness of the advertisement can be measured in terms of its ability to move the customer along the hierarchy. This approach defines an advertising goal as a specific communication task, based on a hierarchy model of the communication process involving awareness, comprehension, attitude and action. The goal is specific, with a definite measure, a starting point, a defined audience and a fixed time period. As goals are specific in DAGMAR, therefore advertising of a particular brand must indicate exactly what image or appeal is intended to be communicated. For example, if a health drink is trying to increase the brand comprehension amongst the target customers, then the advertising should specifically focus on the availability of the protein content and its

benefit. Benchmarking is another aspect of determining a specific goal. Without a benchmark, it is difficult to determine the optimal goal. For example, it is very important for any company to reinforce and sharpen its existing image and thereby redefine its goal. Another important of DAGMAR that all organizations should follow is to define its target customers precisely. If the target customers are not properly defined, then the results from advertising will be ineffective. Thus the DAGMAR approach to advertising planning is a precise method for selecting and quantifying goals and or using those goals to measure the performances.

4.5 DECIDING ON ADVERTISING BUDGET

Advertising budget is the amount of money allocated by a firm for its advertising campaigns for a specific period of time. It is influenced by various factors like the type of products advertised, the size of the market, the geographic distribution of customers within the market and the sales volume as compared to the competitor's sales volume. Marketers believe that advertising helps in increasing the demand for a product in the market. The amount of money spent on an advertising campaign should be in accordance with the sales it generates. The budget of an advertisement varies depending on the stage of the life cycle of the product. For example, a new product may need a larger share of the advertising budget, as the advertising has to create awareness about the product and encourage the potential customers to buy it.

Setting the advertising budget is a difficult task because marketers cannot quantify the benefits accruing from the advertisement or determine the exact sales an advertisement has generated. However, businesses often use the thumb rule (like **advertisement/sales ratio).** Some of the common methods are: i) objective and task method, ii) percentage of sales method, iii) affordability method, and iv) competitive parity method.

i) **Objective and task method :** Objective and task method is considered as one of the rational approaches to setting advertising budget. This method calls upon the advertisers to develop their advertising budget by: (a) defining their specific advertising objective,

(b) determining the tasks that must be performed to achieve those objectives and (c) estimating the cost of performing those tasks. The sum total of all these costs determines the advertising budget.

The major disadvantage of using this method is that marketers cannot accurately estimate or quantify the efforts required to achieve an objective. For instance it is very difficult to set the advertising budget for Packaged Mass Consumption Goods products, since it is not easy to calculate the response rates to advertisements on soaps, detergent, toothpastes etc.

ii) **Percentage of sales method :** Percent of sales method is used quite often by companies to determine their advertising budgets. The percentage of sales method can be expressed by the formula:

(Spending on advertisements in rupees/Sales in rupees) x 100

This method can developed by studying the past sales figures and relative budget allocations. Allocating the budget on similar lines without any major changes would be assuming a repetition of the past performances. However, it may be necessary to increase or decrease the budget to attain a projected sales figure. Projecting the product's sale for the current year is very important and for doing so, understanding the market scenario and predicting competitor strategies is vital.

iii) **Affordability method :** In this method, a marketer after allocating all other expenses in his budget, allocates the remaining funds to advertising. This method of budget fixing is followed by small scale enterprises which have limited funds and also by companies whose management give least importance to marketing activities.

iv) **Competitive parity method :** Companies sometimes determine their advertising budget by comparing with competitor's advertising budget. The advertising budget of the company may match with that of a competitor either in rupee terms or in terms of percent-of-sales. It is based on the fact that if a company follows this method, it is using the collective knowledge of the industry to arrive at a figure for its advertising budget. However, companies need to be careful when

they allocate their advertising budget on the basis of competitors' expenditure or budgets because their objectives and resources may be totally different.



CHECK YOUR PROGRESS

Q 6: DAGMAR means.

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Q 7: Who proposed the concept of DAGMAR?

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Q 8: State the steps of DAGMAR model.

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Q 9: State the methods of advertising budget.

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Q 10: State the formula for percentage of sales method.

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4.6 LET US SUM UP

- Advertising is imperative in any form of business establishment whether profit or non-profit.
- Communicating the right message to the right customer at the right place is the essence of effective advertising campaign.
- Marketing managers always identify the target market and buyer motives prior to developing an advertising program.
- "Hierarchy-of-effects model" help set advertising objectives as marketers can gauge the impact an advertising message will have on consumer decisions.
- Russell H. Coney had proposed the DAGMAR in 1961.

- Awareness, Comprehension, Conviction and Action constitute the DAGMAR model of advertising.
- Objective and task, percentage of sales, affordability and competitive parity are the methods for setting the advertising budget.



4.7 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

4) Gupta and Agarwala (2001), Handbook of Journalism and Mass Communication, Concept Publishing Company, New Delhi



4.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Mission, Money, Message, Media and Measurement.

Ans to Q No 2: "Hierarchy-of-effects model" help set advertising objectives.

Ans to Q No 3: Three objectives of developing an advertising campaign are creating awareness and encouraging information search, persuading/ prompting direct action, reminding or reinforce attitude.

Ans to Q No 4: 'Harpic' in its advertisement assuring of a clean and germ-free toilet to the people is an example of relating product to needs advertising.

Ans to Q No 5: Advertising objectives are also aimed at sales because sales is the ultimate objective of any organization.

Ans to Q No 6: DAGMAR means 'Defining Advertising Goals for Measured Advertising Results'.

Ans to Q No 7: Russell H. Coney had proposed the DAGMAR in 1961

Ans to Q No 8: Awareness, Comprehension, Conviction and Action are the steps of DAGMAR model of advertising.

Ans to Q No 9: Objective and task, percentage of sales, affordability and competitive parity are the methods for setting the advertising budget.

Ans to Q No 10: The percentage of sales method can be expressed by the formula:

(Spending on advertisements in rupees/Sales in rupees) x 100



4.9 MODEL QUESTIONS

Q A: Short Question (Answers in around 150 Words)

Q 1: What are the Objectives of advertising ?

Q 2: What factors influence advertising budget. ?

Q B: Long Questons (Answers in around 300-500 words)

Q 1: Define DAGMAR.

Q 2: Why the processes of developing an advertising programme differ from one organization to another?

Q 3: Why the 5Ms are considered important while developing an advertising programme?

Q 4: Discuss the different objectives of setting an advertising programme.

Q 5: Why DAGMAR is considered as an important model in advertising?

Q 6: Discuss the various methods of setting advertising budget.

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