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Advertising and Sales Promotion

SEMESTER - VI

COMMERCE

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

Subject Experts

Professor Nayan Barua, Gauhati University

Professor H.C. Gautam, Gauhati University

Dr. S. K. Mahapatra, Gauhati University

Course Coordinator : Dr. Devajeet Goswami, KKHSOU

SLM Preparation Team

UNITS	CONTRIBUTORS
1-4, 6-9, 11 & 12	Dr. Smritishikha Choudhury, KKHSOU
5	Mr. Rishi Chakravarty, Assam downtown University
10 & 13	Dr. Devajeet Goswami, KKHSOU

Editorial Team

Content : Professor Nripendra Narayan Sarma, KKHSOU
(Unit 1-4, 6-9, 11 & 12)
Dr. Smritishikha Choudhury (Unit 5, 10 & 13)

Structure, Format & Graphics : Devajeet Goswami, KKHSOU

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BECHELOR OF COMMERCE

ADVERTISING AND SALES PROMOTION

CONTENTS

UNIT 1: Basic Concept of Advertising **Page No. : 7 – 22**

Meaning, Concept, Importance, Scope and Social Implications of Advertising; Concept of USP and DAGMAR: U.S.P. (Unique Selling Propositions), DAGMAR Model; Types of Advertising

UNIT 2: Media Decisions **Page No. : 23 – 42**

Meaning of Advertising Media; Different types of media; Media planning and Media selection, Multimedia strategies.

UNIT 3: Message Development **Page No. : 43 – 57**

Developing the Advertising Appeal/ Message; Guidelines for Copywriting; Copywriting for Print, Audio, TV and Outdoor Media; Design and Layout Graphics and Illustrations; Colour Concepts: Production of Print and Broadcasting ads.

UNIT 4: Advertising Budget **Page No. : 58 – 70**

Concept of Advertising Budget; Factors Influencing Advertising Budget; Budgeting Methods; Developing and Managing Advertising Program; Setting Advertising Objectives; Budgeting Methods

UNIT 5: Measuring Advertising Effectiveness **Page No. : 71 – 80**

Meaning of reach, frequency and impact of advertising; Copy testing; Advertising recognition and recall tests, Issues in assessing impact of advertising, Performance of an advertising agency.

UNIT 6: Advertising Agencies **Page No. : 81 – 93**

Types of Advertising Agency; Role and the functions of Advertising Agencies; Structure of an Advertising Agency; Client Agency Relationship

UNIT 7: Rural Marketing and Advertising **Page No. : 94 – 117**

Fundamentals of rural marketing; Nature and characteristics of the rural market; Characteristics of rural consumer; Advertising strategy in rural markets.

UNIT 8: Ethics in Advertising **Page No. : 118 – 131**

Meaning of Advertising ethics; Laws and acts concerning advertising; Importance of ethics in advertising; Social and Legal factors associated with advertising; Advertising process in India.

UNIT 9: Sales Promotion **Page No. : 132 – 147**

Meaning and importance of Sales Promotion; Difference between Sales Promotion and Advertising; Tools and Techniques of Consumer Sales Promotion; Dealer sales Promotions/ Trade Promotions; Organising Sales Promotion Campaign

UNIT 10: Sales Promotion Scheme **Page No. : 148 – 156**

Define coupon; Rebate as a sales promotion scheme; Benefits of contest and sweeptake; Discuss sampling.

UNIT 11: Personal Selling **Page No. : 157 – 166**

Concept of Selling; Objectives and Functions of Personal Selling; Advantages and disadvantages of Personal Selling and Selling Process.

UNIT 12: Salesmanship **Page No. : 167 – 172**

Define salesmanship; Importance of salesmanship; Buyer- seller relationship; Importance of product and customer knowledge.

UNIT 13: Approach and Presentation for Sale **Page No. : 173 – 177**

Importance of customer; Different methods of approaching a customer; Presentation process followed by salesman.

COURSE INTRODUCTION

The **"Advertising and Sales Promotion "** course is provided to the learners of B.Com. 6th semester in the area of management specialisation. This course focuses on the different aspects of advertising and sales promotion. Advertising and sales promotion plays an important role in the marketing of goods and services. There are various issues in advertising like, media selection decision, message development ,ethics in advertising, advertising budget etc. Besides that the course will deal with importance of sales promotion, sales promotion schemes like, coupon, consumer contest etc. The course will also discuss personal selling, salesmanship etc.

While going through a unit, you will notice some along-side boxes, which have been included to help you know some of the difficult, unseen terms. Again, we have included some relevant concepts in ''LET US KNOW'' along with the text. And, at the end of each section, you will get "CHECK YOUR PROGRESS" questions. These have been designed to self-check your progress of study. It will be better if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with "ANSWERS TO CHECK YOUR PPROGRESS" given at the end of each unit.

UNIT 1: BASIC CONCEPT OF ADVERTISING

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Concept of Advertising

1.4 Importance of Advertising

1.5 Scope of Advertising

1.6 Social Implications of Advertising

1.7 Concept of USP and DAGMAR

- 1.7.1 U.S.P. (Unique Selling Propositions)
- 1.7.2 DAGMAR Model

1.8 Types of Advertising

1.9 Let Us Sum Up

1.10 Further Reading

1.11 Answers to Check Your Progress

1.12 Model Questions

1.1 LEARNING OBJECTIVES

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

- define the term advertising
- explain the importance of advertising
- outline the scope of advertising
- discuss the 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 IMPORTANCE 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 points 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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1.6 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.

1.7 CONCEPT OF USP AND DAGMAR

1.7.1 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."

1.7.2 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 that product, which will be discussed in details as follows:

Awareness

Awareness of the existence of a product or organization is necessary and it is the first step before the purchase behavior can be expected. Once the **awareness** has been created in the target audience, it should not be neglected. If there is neglect, the audience may become distracted by competing messages and the level of awareness of focus product or organization will decline.

Comprehension

Awareness on its own may not be sufficient to stimulate a purchase. Knowledge about the product or the organization is necessary. This can be achieved by providing specific information about key brand attributes.

In attempting to persuade people to try a different brand of water, it may be necessary to compare the product with other mineral water products and provide an additional usage benefit, such as environmental claims. For example,the ad of Ganga mineral water, featuring Govinda, which banked on the purity aspect. They related the purity of the water with that of river Ganga.

Conviction

The next step is to establish a sense of conviction. By creating interest and preference, buyers are moved to a position where they are convinced that a particular product in the class should be tried at the next opportunity. To do this, the audience's beliefs about the product have to be moulded and this is often done through messages that demonstrate the product's superiority over a rival or by talking about the rewards as a result of using the product.

Many ads like Thumbs Up featured the reward of social acceptance as 'grown up'. It almost hinted that those who preferred other drinks were kids.

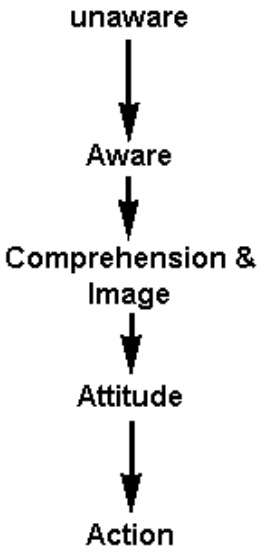
Action

Communication must finally encourage buyers to engage in purchase activity. Advertising can be directive and guide the buyers into certain

behavioural outcomes. Advertisements induce buyers' actions like use of toll free numbers, engagement in direct mail activities and filling up reply cards and coupons.

Tupperware, Aqua Guard, AVON are famous examples in Indian cities as a result of its advertising and personal selling efforts.

An advertising objective involves a communication task, intended to create awareness, impart information, develop attitudes or induce action. In the DAGMAR approach, the communication task is based on a specific model of the communication process, as shown below.



Communication Process in DAGMAR Approach

The model suggests that before the acceptance of a product by an individual, there is a series of mental steps which the individual goes through. At some point of time, the individual will be unaware of the product or offer in the market. The initial communication task of the advertising activity is to increase consumer awareness of the product or offer.

The second step of the communication process is comprehension of the product or offer and involves the target audience learning something about the product or offer. What are its specific characteristics and appeals, including associated imagery and feelings? In what way does it differ from its competitors? Whom is it supposed to benefit?

The third step is the attitude (or conviction) step and intervenes between comprehension and final action. The action phase involves some

overt move on the part of the buyer such as trying a brand for the first time, visiting a showroom, or requesting information.

The whole communication process is a bit more complex. And under different circumstances, it may differ slightly, but the basic concept revolves around what is mentioned in the paragraphs above. The DAGMAR approach emphasises the communication task of advertising. The second important concept of the approach is that the advertising goal be specific. It should be a written, measurable task involving a starting point, a defined audience, and a fixed time period.

Case:

Suppose you are a dealer or distributor and want to sell products of a reputed company. You don't have to worry about the image and perception of the brand. You are just worried that customers might not want to buy from you. And, instead, buy from a competing shop next to yours dealing with the same kinds of products. In such a case, what will you do? What should be your advertising objective? Should you have a advertising strategy? What would be the ingredients of such an advertising plan? What should be the budget?

Let's discuss some of the issues related to your promotion/advertising related activity. You must first distinguish between advertising from your marketing objectives. And DAGMAR is aimed at setting your advertising goals/ planning and not marketing goals.

A Measurable Objective in DAGMAR Approach

The DAGMAR approach sounds impractical once we talk of measurements, surveys, questionnaires and all that stuff. After all, who would go for a survey! But, as the approach emphasises the importance of objectives, we must have some form of measurement to indicate the effectiveness of the advertising or promotional campaign.

So when we think of a promotional campaign, **it must have an objective**,which is **measurable**.

For example, for a yellow page advertisement, the measurement could be the number of phone calls received before and after the ad was published or the number of referrals through yellow pages. Many advertisers

are pleasantly surprised by orders/ offers received through phone calls, which were later found to be through advertisements in yellow pages.

Now, the question is, if they did not advertise in the yellow pages, would they have received those orders/ offers? That' is another kind of advertisement through yellow pages.

The marketers measurable objective must be written, clear and unambiguous. Goals like 'Improve store image'/Increase awareness of our store' etc are too vague and do not lead to anywhere.

A Conceivable Benchmark

When we talk of measurement, its both current and future. The marketer must, first, know where they stand now, and know in quantitative terms. The current position is the starting point of the company which will help in establishing a goal and selecting a campaign to reach it. Getting more customers into their store might not be an optimal goal, if they already receive a large number of visitors. So, marketer should have an objective analysis of where they are and then start working on the objective.

If the marketer know that already many customers are visiting their store, they may probably have some idea of their behaviour related to purchases. (If you don't, that's a pity). Depending on that,they know that how advertising can be aimed at converting the visitors to customers.

Well-Defined Target Audience

Perhaps, the first lesson the marketer should learn in marketing is target audience. Not everyone is going to buy a product. Not everyone needs that product, its another matter that some needs are latent and needs to be aroused. So, identify the target audience, to whom the marketer is going to aim in their ad campaign. Most likely, this is going to be the user segment as well.

As an example, if the marketers are selling premium car accessories, they should target customers who are either stylish, sophisticated or own premium cars.

Fixed time period

The advertising campaign should not run for eternity, without having milestones to achieve over the future time frame. The marketer should have

a fixed time period, six months or a year, within which they should aim at attaining certain goals. There should also be some time allocated to test the campaign, make amendments, if required to the campaign. A time should be fixed upon the arrival of which the campaign can be evaluated.

1.8 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 5: What is USP and DAGMAR?

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.....



1.9 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



1.10 FURTHER READING

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.

1.11 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.



1.12 MODEL QUESTIONS

Q 1: What are the different types of advertising? Explain them with examples.

Q 2: What are the objectives of advertising?

Q 3: What are the functions of advertising?

Q 4: What is USP?

Q 5: Explain DAGMAR approach.

*** ***** ***

UNIT 2: MEDIA DECISIONS

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Concept of Advertising Media

2.4 Types of Media

- 2.4.1 Advantages
- 2.4.2 Disadvantages
- 2.4.3 Transit Media
- 2.4.4 Other Media

2.5 Media Planning

2.6 Factors Influencing Media Choice

- 2.6.1 Mix Strategy: Media Concentration vs. Media Dispersion
- 2.6.2 Media Category Selection

2.7 Geographic Allocation Decisions

2.8 Media Schedule Decisions

2.9 Media Vehicle Characteristics

2.10 Selection of Media Vehicles

2.11 Let us Sum Up

2.12 Further Reading

2.13 Answers To Check Your Progress

2.14 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit, you will be able to

- describe Advertising Media
- explain different types of media
- discuss media planning
- describe media selection
- explain about multimedia strategies.

2.2 INTRODUCTION

In this unit we are going to discuss to the concept of advertising media, different types of advertising media, their advantages and disadvatages etc. besides that we will also discuss the importance of media planning and media selection.

2.3 CONCEPT OF ADVERTISING MEDIA

In this unit we are going to discuss different media used by marketers to advertise any product or services. Advertising reaches us through a channel of communication referred to as a medium. An advertising medium is any paid means used to present an ad to its target audience. Thus, we have radio advertising, television advertising, newspaper ads, and so on. Historically, advertisers have used the traditional mass media: radio, TV, newspapers, magazines, and billboards— to send their messages. But today technology enables advertising to reach us efficiently through a variety of media.

2.4 TYPES OF MEDIA

To maximize overall awareness, the advertising must reach the maximum number of the target audience. For this purpose, suitable mass media is necessary. Based on the budget and requirements of the organisation, different media are used to advertise any product or services. Advertising media can be classified under three broad categories:

1. Print and out of home media
2. Broadcast media
3. Interactive multimedia



2.4.1 Print Media

Print advertising includes advertisement in newspaper, magazines, brochures, posters etc. Print media provides more detail information, rich imagery and longer message life. But the drawback is that it is meaningless for illiterate people.

Different forms of print advertising are discussed below -

- **Newspaper advertising:** Newspapers are used by advertiser trying to reach a local market because most newspapers are identified by the city they serve. The newspaper may be daily, weekly or fortnightly and can also be in different languages. When we consider the newspaper as an advertising medium, we have to assess the advantages of the news papers as it provides more flexibility than other media do. Newspaper conveys messages very rapidly to the mass media. Cost of advertising is also very low in case of newspaper advertising. But the drawback here is that it has short life span and meaningless for illiterate people.
- **Magazine Advertising:** A magazine is a periodical publication, consisting of specific information to the target group (e.g. business magazine for businessman, health magazine for

health concern people etc.).There are magazines for every hobby, every sport, every age group, every business category and every profession. Advertisers can easily target their audience and give advertisement on specific magazines. The presentation of material in a magazine is better than news paper. Both printing and paper qualities are good in magazines. Magazines have the longest life span in all media.

- **Packaging:** In today's marketing environment, a package is both a container and a communication vehicle. The package serves as a critical reminder of the product's important benefits at the moment the consumer is choosing among several competing brands.
- **Direct mail advertising:** Direct mail advertising is one of the media of communication that brings the product message directly to the notice of the individual through mail or personal delivery.
- **Out of home advertising;** It includes everything from billboards to hot air balloons, posters on walls, hoardings, shopping mall displays, etc. Out of home advertising can target specific people with specific messages at a time when they are most interested.

The following figure shows an example of print advertising:



2.4.2 Broadcast media

Most prominent broadcast mediums are radio and television advertising.

(i) **Radio advertising:** The radio is a major and one of the most popular medium of advertising. Its coverage area is more than 90% of India's total land mass. The radio ads rate structure depends upon the day, date and time. There are different AM/ FM stations through which one can listen to the radio. Radio allows the listener to imagine and it has high acceptance at the local level. But the drawback is that it cannot give the visual impact. If a product needs demonstration to deliver the ad message to its target audience, radio is not the perfect medium for that product. Radio advertising has increased greatly in recent years, with the granting of many more licenses. It typically reaches specific audiences at different times of the day—adults at breakfast, housewives during the day, and commuters during rush hours. It can be a cost-effective way of reaching these audiences—especially since production costs are much cheaper than for television, though the lack of visual elements may limit the message. In radio advertising it is important to identify the right timing to reach specific radio listeners. For example, many people only listen to the radio when they are stuck in traffic, whereas other listeners may only listen in the evenings. The 24 hour availability of radio is helpful to reach a variety of customer sub-segments. In addition, it is a well-established medium to reach rural areas.

Merits

- It has a wide coverage.
- It easily catches the attention of the people.
- It gives message of the advertiser at the door of the prospects.
- It is quite flexible as it can be used on a national or local level according to need.

It is cost effective.

Demerits

- The message given by radio advertising is short lived.
- There is no possibility of demonstration in case of radio advertising.

- It is a selective media of advertising.

(ii) Television Advertising: TV is one of the most powerful advertising mediums, because customers can get very detailed information about a product. Depending on advertiser's target group, the advertiser has to decide the time, when the advertisement shall be shown. It is not useful broadcasting an ad about cars in the children's programmes because this is not the target group, they cannot buy a car. In the afternoon there are many films on TV, which are interrupted regularly. At that time advertising can be very expensive. In fact, TV-adverts have a strange impact. The best times for commercials are the times at which people wait for something special like the news or sports. At these times advertising can be very successful, but it is also very expensive. You might have noticed how well you can remember slogans long after the spot is over. It is said that today television advertising is the best selling media ever invented. It is a means of bringing actual demonstration in the homes of the prospects and therefore more effective media when compared with radio. Television makes full use of sight, sound and motion and thereby maximizes impact on audience. That is why the position of radio advertising now is being taken by television advertising. The coverage of television is increasing at a rapid pace in India.

This is normally the most expensive medium, and as such is generally only open to the major advertisers, although some regional media houses offer more affordable packages to their local advertisers. It offers by far the widest coverage, particularly at peak hours (roughly 7.00–10.30 p.m.) and especially of family audiences. Offering sight, sound, movement and colour, it has the greatest impact, especially for those products or services where a 'demonstration' is essential; since it combines the virtues of both the 'story-teller' and the `demonstrator'. To be effective, these messages must be simple and able to overcome surrounding family

life distractions. In television, media buyers sometimes use **road blocking**, which means the placement of commercials in all major television networks in the same period of time. No matter which television channel an audience member tunes in at that time, they have the opportunity to watch the commercial. The road blocking approach has become more expensive and less effective recently because of increasing fragmentation of television audience.

The following figure shows example of television advertising:



Merits:

- It combines the advantages of both radio and cinema. It is a powerful audio-visual medium.
- It makes the message more attractive, impressive and effective.
- It has a wide coverage.
- It is most advantageous to those advertisers whose products and service require demonstration.

Demerits

- It is very expensive.
- Television message is very short lived.
- Television advertisements are very brief due to high cost of advertising on television.

(iii) Film Advertising: Today cinema is an important and effective media of advertising. Suitable short films (e.g. infomercial) may be prepared to create a lasting impression upon the audience. These may be presented in the form of a short story or cartoon. Such films may be shown before the start of a feature film or

during interval. At present there are three kinds of films used as media of advertising:

a) Straight Advertising Films.

b) Documentary Films.

c) Sponsored Advertising Films.

Merits

- It has quite wide coverage.
- It is able to explain and demonstrate the use of a product quite conveniently.
- Appeal is made to all section of the society.

Demerits

- Production cost of a film is quite high.
- The audience may not like to waste time in seeing such films repeatedly.
- The films are too short and need changes frequently.

2.4.3 Transit Media

It is also known as “vehicle advertising”. It refers to moving advertisement. It consists of placing posters or play cards inside or outside vehicles, such as trams, buses, taxies, delivery vans or any other public transport.

Merits

- It is lowest cost media.
- It gives geographic selectivity and seasonal selectivity.
- It has high readership.

Demerits

- Car cards are of small size and they can carry only short message.
- It is limited in quantity by the number of public vehicles in operation.

2.4.4 Other Media

In addition to different direct and indirect media of advertising discussed above, there are various forms of promotional advertising

media. Promotional advertising media is one in which promotional methods are used for attracting customers. It is a most powerful advertising medium. The popular promotional advertising forms are as follows:

- **Window Display:** Under this method, the advertiser displays articles for sale inside glass window which are seen from the outside. Such glass windows are decorated most attractively.
- **Exhibitions and Fairs:** The exhibitions and fairs are generally organized by groups of producers, or associations of manufacturers. These days, these are also organized by the government.
- **ShowRooms:** All sorts of information or knowledge about the goods, as desired by the customer, may be supplied in the show-room. For example, Maruti Automobiles, Bajaj Automobiles etc are maintaining their showrooms in different parts of the country.
- **Advertising Specialities:** These include a wide variety of items, such as calendars, books, pens, pencils, paper weights and so on. Advertising specialities are reminder type promotion. It is hoped they will lead to customer's orders and reorders.
- **Web media:** These days, advertisements through websites and internet have become very popular, common and effective advertisement media. Advertisements are sent to mail boxes of various media houses.. Visual advertisements are also displayed in the form of a window in websites and search engines. This media is cost effective having a very wide coverage of advertisements across the globe. However, this media is useful for the computer literate and internet savvy people.
- **Phone advertising:** Another similar recently emerged advertisement media is the phone advertising especially mobile advertising. Advertisements of various products and services are sent through SMS to subscribers. However, sometimes it carries the characteristics of a sales call.



CHECK YOUR PROGRESS

Q 1: Mention any three media options available for advertising. .

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Q 2: Which is the cheapest media for advertising?

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Q 3: Which is the most powerful media for advertising?

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LET US KNOW

Internet Advertising: Internet has developed as one of the important advertising media. It is known as internet advertising, e- marketing or online marketing. Now most of the companies use this media as it offers various advantages like, low cost, global audience etc. However, there are certain limitations of this media. As it requires newer technologies, it may not be possible for all advertisers and customers as well to take advantage of this media. Another limitation is the inability of buyers to touch, taste or try- on tangible goods before purchasing the goods.

2.5 MEDIA PLANNING

Media plays a crucial role in advertising. The selection of media mainly depends on type of product and services for which the advertisement is being made and the target consumer. For media planning, the characteristics of each media should be considered carefully. For example, TV exhibiting action, sight and sound is able to create an impact and influence which no other media can match. Newspapers and magazines can carry ads giving much more detailed information and remain in the possession of a potential

buyer for a long time. Media planners often define the communication goals of a media plan using the three interrelated concepts of reach, frequency and coverage.

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

Coverage means the potential audience that might get exposed to the ad message through a media vehicle.

Frequency refers to the number of times the audience is exposed to media vehicle in a given period of time. In contrast to high levels of reach, high levels of frequency can be effectively achieved through advertising in a smaller number of media vehicles to elevate audience duplications within these media vehicles. A commercial that runs three times during a 30-minute television program will result in higher message repetition than the same commercial that runs once in three different programs.

The basic goal of media plan is to formulate a particular combination of media that would enable the advertiser to communicate the message successfully and effectively to the maximum number of potential and existing customers in the target market at the lowest cost.

In simple form we can say that, media planning refers to the process of selecting media time and space to disseminate advertising messages in order to accomplish marketing objectives

Process of media planning: Media planning is a four-step process which consists of 1) setting media objectives in the light of marketing and advertising objectives, 2) developing a media strategy for implementing media objectives, 3) designing media tactics for realizing media strategy, and 4) proposing procedures for evaluating the effectiveness of the media plan.

Target Audience

The first objective of a media plan is to select the **target audience**. Target audiences are those people whom the media plan attempts to influence through various forms of brand contact.

For example, one target audience might be current customers — encouraging people who eat one bowl a day to also “munch” the cereal as

a snack. Or, the advertiser might target competitors' customers, encouraging them to switch brands. Or, the advertiser might target young adults who are shifting from high sugar "kids cereals" to more adult breakfast fare. Finally, the advertiser could target a broader lower-income demographic section. The point is that each campaign could increase sales via a different target audience.

Demographics and Psychographics:

The target audience is often defined in terms of demographics and psychographics. Demographics of consumers include gender, age, education, household income, marital status, employment status, type of residence, and number of children in the household etc. Some advertisers believe that demographic definitions of a target audience are too ambiguous, because individual consumers that fit such definitions can be quite different in terms of their brand preference and purchase behavior. For example, think about the students in a media planning class. Even though some of them are of the same age and gender, they may like different brands of toothpaste, shampoo, cereal, clothing, and other products. Therefore, media planners use psychographics to refine the definition of the target audience.

Psychographics is a generic term for consumers' personality traits (serious, funny, conservative), beliefs and attitudes about social issues (opinions about abortion, environment, globalization), personal interests (music, sports, movie going), and shopping orientations (recreational shoppers, price-sensitive shoppers, convenience shoppers). Mazda, for example, doesn't define its target audience by age, income or gender, but by psychographic principles. Mazda targets people who have a need for self-expression, are young at heart, and love to drive.

Setting Communication Goals

Media planners can set communication goals based on the level of reach. That is, how many of the target audience should be reached with the media plan, say 50%, 75% or 95%? Theoretically, a reach of 100 is possible, but it is rarely a communication goal because some audience members may not use any of the media, making them unreachable. What, then, would

be the optimal level of reach for a given product category or a market situation? There is no quick answer to this question; it all depends on the media planner's analysis of major factors facing the brand.

Media experts suggest high reach is appropriate when something new is associated with the brand, such as new features, new sales incentives, new packaging or new service opportunities The newness requires a high level of awareness among the target audience. A high reach is also often necessary in three other situations: a) advertising in support of sales promotion activities, b) for reminder advertising for a mass market product, and c) when the brand faces severe competition.

In addition to the reach and frequency goals, media planners may set goals for other forms of communication. For example, promotional activities may be used in a media plan, such as sweepstakes, contests and coupons. Media planners estimate and specify response rates for these activities. By establishing communication goals, media planners set the stage for assessing the effectiveness of a media plan at the end.



CHECK YOUR PROGRESS

Q 4: Define reach, frequency and coverage of media planning.

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2.6 FACTORS INFLUENCING MEDIA CHOICE

While selecting the media the following factors should be considered:

- The financial allocation for advertising.
- The nature of the product and the demand for it.
- The type of prospects, their location and other characteristics.
- The nature of competition and the extent of coverage required.
- Cost of media, co-operation and promotional aids offered by media, media circulation.

Media Strategies

Media planners make three crucial decisions: where to advertise (geography), when to advertise (timing), and what media categories to use (media mix). Moreover, they make these decisions in the face of budget constraints. The actual amount of money that an advertiser spends on marketing communications can vary widely, from billions of dollars for multinational giants such as Procter & Gamble, to a few thousand dollars for local "mom-n-pop" stores. In general, companies spend as little as 1% to more than 20% of revenues on advertising, depending on the nature of their business. Regardless of the budget, some media options are more cost effective than others. It is the job of media planners to formulate the best media strategies — allocating budget across media categories, geographies, and time. Let's look at each of these three decisions in turn, and then consider cost effectiveness.

Media Mix Decisions

Which media should the advertiser use? Media planners craft a media mix by considering a budget-conscious intersection between their media objectives and the properties of the various potential media vehicles. That is, they consider how each media vehicle provides a cost-effective contribution to attaining the objectives, and then they select the combination of vehicles that best attain all of the objectives.

When making media mix decisions, planners look to a whole spectrum of media, not just to traditional media vehicles such as TV, radio, and print. That is, media planners consider all the opportunities that consumers have for contact with the brand. These opportunities can be non-traditional brand contact opportunities such as online advertising, sweepstakes, sponsorships, product placements, direct mail, mobile phones, blogs, and podcasts. The scale and situations of media use are especially important when evaluating suitable brand contact opportunities. For example, product placement in a video game makes sense if the target audience plays video games. Sweepstakes make sense if many of the target audience find sweepstakes attractive.

2.6.1 Mix Strategy: Media Concentration vs. Media Dispersion

A media planner's first media mix decision is to choose between a media concentration approach or a media dispersion approach. The *media concentration approach* uses fewer media categories and greater spending per category. This lets the media planner create higher frequency and repetition within that one media category. Media planners will choose a concentration approach if they are worried that their brand's ads will share space with competing brands, leading to confusion among consumers and failure of the media objectives. For example, when Nestle launched its 99% fat-free cereal Fitnesse, the similarity of ads actually increased the sales of the competing Kellogg's Special K Cereal.

Media planners can calculate or measure share of voice to estimate the dominance of their message in each category of media they use. **Share of voice** is the percentage of spending by one brand in a given media category relative to the total spending by all brands that are advertising in that media category.

A company can create a high share of voice with a concentrated media strategy. That is, the company can be the dominant advertiser in a product category in the chosen channel. Moreover, because only one set of creative materials will need to be prepared, a concentrated media strategy lets advertisers spend a higher percentage of their budget on frequency and reach. But a concentrated strategy is also an "all-eggs-in-one-basket" strategy. If the particular ad is not well received or the particular media category only reaches a fraction of the intended target audience, then it will perform poorly.

In contrast, media planners choose a **media dispersion approach** when they use multiple media categories, such as a combination of television, radio, newspapers and the Internet. Media planners will use dispersion if they know that no single media outlet will reach a sufficient percentage of the target audience. For example,

a concentrated approach using only ads on the Internet might reach only 30% of the target consumers because some consumers don't use the Internet. Similarly, a concentrated approach using national news magazines might reach only 30% of the target audience, because not every target customer reads these magazines. But a dispersed approach that advertises in print magazines as well as on Web sites might reach 50% of the target audience. Media planners also like the dispersion approach for the reinforcement that it brings — consumers who see multiple ads in multiple media for a given brand may be more likely to buy.

2.6.2 Media Category Selection

Whether media planners select media concentration or media dispersion, they still must pick the media category(ies) for the media plan. Different media categories suit different media objectives. Most media options can be classified into three broad categories: mass media, direct response media, and point-of-purchase media. A media planner's choice will depend on the media objectives. If the media planner wants to create broad awareness or to remind the largest possible number of consumers about a brand, then he or she will pick *mass media* such as television, radio, newspaper and magazine. If the media planner wants to build a relationship with a customer or encourage an immediate sales response, then *direct response media* such as direct mail, the Internet and mobile phone are good choices.

2.7 GEOGRAPHIC ALLOCATION DECISIONS

In addition to allocating advertising by media category, media planners must allocate advertising by geography. In general, a company that sells nationally can take one of three approaches to geographic spending allocation: a *national approach* (advertise in all markets), a *spot approach* (advertise only in selected markets), or a *combined* national plus spot approach (advertise in all markets with additional spending in selected

markets). In a country like India which is characterized by diversity in terms of languages, culture etc. reaching the entire population, even through mass media vehicles is an impossible task. Hence, the media planners will have to decide what areas of the market will have to be covered so as to optimize the effectiveness of media decisions.

2.8 MEDIA SCHEDULE DECISIONS

Having decided how to advertise (the media mix) and where to advertise (allocation across geography), media planners need to consider *when* to advertise. Given a fixed annual budget, should all months receive equal amounts of money or should some months receive more of the budget while other months receive less or nothing? Media planners can choose among three methods of scheduling: continuity, flight, and pulse. **Continuity scheduling** spreads media spending evenly across months. This method ensures steady brand exposure over each purchase cycle for individual consumers. It also takes advantage of volume discounts in media buying. However, because continuity scheduling usually requires a large budget, it may not be practical for small advertisers. The **flight scheduling** approach alternates advertising across months, with heavy advertising in certain months and no advertising at all in other months. **Pulse scheduling** combines the first two scheduling methods, so that the brand maintains a low level of advertising across all months but spends more in selected months.

New product launches usually require initial heavy advertising to create brand awareness and interest. The launch period may last from a few months to a year. Media planners should consider the nature of the product, its acceptability in the market, the competitive conditions etc while deciding on media scheduling.

2.9 MEDIA VEHICLE CHARACTERISTICS

With reach and frequency considerations in mind, media buyers will compare media vehicles in terms of both quantitative and qualitative

characteristics. Quantitative characteristics are those that can be measured and estimated numerically, such as vehicle ratings, audience duplication with other vehicles, geographic coverage, and costs. Media buyers will choose vehicles with high ratings and less cross-vehicle audience duplication when they need high levels of reach. Media buyers also evaluate the geographic coverage of media vehicles when implementing spot advertising such as heavy advertising in certain geographic regions. Finally, media buyers pay attention to the costs of each media vehicle. When two media vehicles are similar in major aspects, media buyers choose the less expensive media vehicle.

There are two basic calculations of media vehicle cost. The first one, **cost per rating point (CPP)**, is used primarily for broadcast media vehicles. To derive the CPP, divide the cost of a 30-second commercial by the ratings of the vehicle in which the advertisement is placed: **CPP** is the cost of a broadcast ad per rating point (1% of the population) provided by the media vehicle that shows the ad. The formula for calculating CPP is as follows:

Cost Per Rating Point = Cost of the Ad / Rating of the Vehicle

Another media cost term is **cost per thousand impressions (CPM)**, which is the cost to have 1000 members of the target audience exposed to an ad the cost per 1000 impressions for an ad. As you recall, the impressions are simply opportunities to see the ad. One difference between CPP and CPM is that CPM also contains the size of a vehicle audience. CPM is calculated in two steps. First, the gross impressions that an ad may get is calculated using the rating of the program and the size of the market population.

2.10 SELECTION OF MEDIA VEHICLES

Media buyers can use tools, like the one shown below, to make the process of selecting a media vehicle easier. To use the selection tool, develop a list of the potential vehicle candidates you are considering. Then, select several quantitative and qualitative characteristics that are relevant to reach and frequency considerations, such as quantitative characteristics like CPM

or GRP, and qualitative characteristics like reputation and added value. Next, make a table that lists the vehicle candidates in rows and the characteristics in columns. Now you can rate each of the characteristics of each vehicle on a scale of 1 to 3. Then add all the numbers in each row, dividing by the total number of characteristics (columns) to arrive at the rating for each vehicle. The best media vehicles to choose are those with the highest index numbers.

Evaluating Media Plan Effectiveness

Accountability is increasingly important in media planning, as more advertisers expect to see returns on their investments in advertising. Because media spending usually accounts for 80 percent or more of the budget for typical advertising campaigns, the effectiveness of media plans is of particular importance. As a result, media planners often make measures of the effectiveness of a media plan an integral part of the media plan. Although sales results are the ultimate measure of the effectiveness of an advertising campaign, the sales result is affected by many factors, such as price, distribution and competition, which are often out of the scope of the advertising campaign. It is important, therefore, to identify what measures are most relevant to the effectiveness of media planning and buying.



2.11 LET US SUM UP

In this unit we have discuss the following:

- We have discussed different types of media like, print media, broadcast media and interactive multimedia.
- Then we have discussed transit media which consists of placing posters or play cards inside or outside vehicles, such as trams, buses, taxies, delivery vans or any other public transport.
- Then we have discussed media planning, Media planners often define the communication goals of a media plan using the three interrelated concepts of reach, frequency and coverage. We have also discussed matters related with media scheduling.



2.12 FURTHER READING

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



2.13 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Print and out of home media, Broadcast media, and Interactive multimedia

Ans to Q No 2: Print media

Ans to Q No 3: Television media

Ans to Q No 4:

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

Coverage means the potential audience that might get exposed to the ad message through a media vehicle.

Frequency refers to the number of times the audience is exposed to media vehicle in a given period of time.



2.14 MODEL QUESTIONS

Q 1: Define advertising media. How can advertising media be classified?

Q 2: State the advantages and disadvantages of different advertising medias.

Q 3: Explain the process of media planning.

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UNIT 3: MESSAGE DEVELOPMENT

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Developing the Advertising Appeal/ Message

3.4 Guidelines for Copywriting

3.5 Copywriting for Print and Broadcast Media

- 3.5.1 Creating Print Advertising
- 3.5.2 Creating Broadcast Advertising

3.6 Design and Layout Graphics and Illustrations

3.7 Role of Colour in Advertising

3.8 Role of Advertising Agency

3.9 Let Us Sum Up

3.10 Further Reading

3.11 Answers To Check Your Progress

3.12 Model Questions

3.1 LEARNING OBJECTIVES

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

- explain the Guidelines for copywriting
- describe copywriting for print, Audio, TV and outdoor media
- discuss design and layout graphics and illustrations
- explain about the role of Advertising Agency in creative advertising
- discuss Colour concepts in copy writing

3.2 INTRODUCTION

In this unit we are going to discuss creative styles in copywriting. Copywriting and layout are one of the most important parts of message presentation and represent the creative side of advertising. This unit seeks to provide learners with the knowledge, understanding and skills they need to both analyse and produce good and effective advertising copy for various media.

Creativity and the ability to express it in powerful copy, is central to effective advertising. This unit will guide us how to develop innovative advertising concepts and to apply them in writing for online, broadcast and print media. It aims to build both understanding and skills related to advertising development.

3.3 DEVELOPING THE ADVERTISING APPEAL/ MESSAGE

In the process of developing an attractive structure in the advertisement message, there are some common elements within the message. They include;

(i) **The message theme or appeal** – the message theme (or appeal) is the basic idea that tries to attract the attention of the intended message receiver. The message should essentially have some attractive power so as to entice the target customer to the product or service. Message appeal can be emotional, fearful, humorous and sexual.

(ii) **Value proposition** – The advertising message should possess a rationale for which customers will be interested in the product or service. The advertiser should highlight essentially the benefits obtained from using the product or the service under consideration.

(iii) **Slogan** – In order to position the product in the mind of the customer and make it unique in comparison to that of the competitor, the advertisements will contain a unique phrase or group of words known as slogan. Slogan is used in promotional message and is repeated across several different messages in the media.

While developing an advertisement message, an advertiser is required to consider several important factors in the process of advertising. They are;

(i) **Aim of the advertisement** – Before developing the advertising message, the first step is to know the objective of the advertisement campaign. The objective of the advertisement will influence the type of advertisement that is to be designed. For instance an advertisement with the aim of affecting immediate sales of an already existing product

will be different from that of an advertisement which is developed with the aim to create awareness of a new product.

(ii) **Nature of the target audience** – The next step is to know the profile of the target audience. The profile is in terms of age, gender, social class, literacy level, geographical location, lifestyle, attitudes and other variables. The task is to identify the target consumers who are likely to consume the product. For instance if the product is a chocolate for small children, then the target customers will be the parents who would buy and not the children who is going to consume it.

(iii) **Nature of product –** The nature of product will influence the advertisement message that is to be formulated. Products that are a bit complicated with essentially need a different tone of message than ordinary products. As a result the advertisement message will be different for the same product at different phases of the product life cycle. At the same time the level of familiarity of the product in the target market will influence the message.

(iv) **Type of media to be used** – As a forth step, the type of media to be used for the advertisement will influence the nature of the advertisement message. The advertiser has to have an idea about the various types of media and their corresponding advantages and disadvantages that are associated with each one of them. The nature of advertisement messages for each type of media like television, digital, print, outdoor, mobile phones, multimedia and the like will vary accordingly.

(v) **Designing and creating the advertisement -** The next step is designing the outline of the advertisement on papers. It is made by the copywriters, art directors and other creative personnel. It is further reviewed to make it perfect. The advertisement is then tested using focus groups to get feedback.

3.4 GUIDELINES FOR COPYWRITING

A copywriter verbalizes concepts in ways that inform audiences and move them to action. Their words define brands and become part of our cultural language. They play a vital role in all advertising agencies world-

wide, creating the language that drives demand.

Creative thinking

Creative thinking in advertising leads to divergent thinking which enlarges the field of ideas by accepting any kind of logical or illogical ideas. All possibilities are explored and then based on that only one solution is chosen. The persons who do creative thinking are known as creative people. Generally creative people are playful and show a strong sense of humour.

Creative Strategy

There are three components of a creative strategy. They are – the copy platform, the art direction and the production of the ad. The copy platform provides information to the ad people regarding the target audience, the behavior of the consumer etc. Art direction is concerned with the artistic design and layout of the ad. Production is concerned with visual, verbal and audio components and style of execution.

Art Direction

In advertising, the idea is the king. But if it doesn't look great, no one will notice it. Art direction experts work with copywriters, photographers and designers to develop print ads, digital messages, ambient concepts, and integrated brand communications for speculative real-world assignments. Art direction experts are required to master the fundamental skills essential for visual communication including typography, colour theory, image creation design principles, and professional software such as Adobe Creative Suite.

Design

Graphic design is, at its essence, visual communication. Without great design, every website, package, logo, street sign and object will go unnoticed or be ridiculed, which is why designers hold a very important role in all sectors of life. Design experts create logos, packaging, brochures, and web interfaces.

For example, the following diagram shows the logo of Godrej:



Interactive Development

Interactive Developers are part of scientists, part of inventors. They bring ideas to life through a passion for technology, coding, organization, communication and creativity. They speak in code and write in languages most of us will never see or hear.

As it appears from the above, copywriting involves not only the creative aspects but a lot of creative applications too with the help of technology.

Copywriting

One of the most important functions of advertising is copywriting. Generally the whole ad is called as Copy. Copywriting is the act of writing copy (text) for the purpose of advertising or marketing a product, business, person, opinion or idea. The addressee (reader, listener, etc.) of the copy is meant to be persuaded to buy the product advertised for, or subscribe to the viewpoint the text shares. Copywriters are used to help create direct mail pieces, taglines, jingle lyrics, web page content online ads, e-mail and other Internet content, television or radio commercial scripts, press releases, catalogues, billboards, brochures, postcards, sales letters, and other marketing communications media. Copy can also appear in social media content including blog posts, tweets, and social-networking site posts.

Most copywriters are employees within organizations such as advertising agencies, public relations firms, company advertising departments, large stores, marketing firms, broadcasters and cable providers, newspapers, book publishers and magazines. Copywriters can also be independent contractors who freelance for a variety of clients, at the clients' offices or working from their own, or partners or employees in a specialized copywriting agency. Such agencies combine copywriting services with a range of editorial and associated services that may include positioning and messaging consulting, social media consulting, developmental editing, and copy editing, proof reading, fact checking, layout, and design.

A copywriter usually works as part of a creative team. Advertising agencies partner copywriters with art directors. The copywriter has ultimate responsibility for the advertisement's verbal or textual content, which often includes receiving the copy information from the client. The copywriter is responsible for telling the story, crafting it in such a way that it resonates with the viewer/reader, ideally producing an emotional response. The art director has ultimate responsibility for visual communication and, particularly in the case of print work, may oversee production. Although, in many instances, either person may come up with the overall idea for the advertisement or commercial (typically referred to as the concept or "big idea"), and the process of collaboration often improves the work. The copywriter is a conceptual wizard, insightful strategist, and colourful storyteller. He shares responsibility with an Art Director for the ideas and execution behind creative advertising. Great copywriters tap into a variety of emotions, voices, and styles in order to effectively communicate a client's message to different audiences.

Creative execution refers to the manner in which an advertising appeal is carried out or presented. A particular advertising appeal can be executed in a variety of ways and this means of execution can be applied to a variety of advertising appeals.

Ad copywriting is a kind of sales pitch that promotes a product or service. The promotion of a product or service holds immense importance when it comes to the sustainability and profitability of a business. Through ad copywriting, one can grab the attention of consumers to the product or service offered by the company.

Advertising mediums are different and ad copywriting varies from medium to medium. Especially with the introduction of online marketing, a great difference has come up between the online and conventional marketing styles.

However, the aim of all kinds of ad copywriting styles is to capture the attention of all the visitors. Taking this factor of ad copywriting into account, some tips of the copywriting can be considered. These tips are as follows:

- **Think out of the Box: The Basic Principle of Ad Copywriting**

A copywriter is a creator of brand value and to meet this end, he or she has to think out-of-the-box. No matter whether it is related to the conventional medium or online business, thinking out-of-the-box concept always proves to be effective in making readers interested in the product or service. In the job of ad copywriting, a copywriter should make a message simple yet catchy by giving an unusual touch in it.

- **Think Like Your Customers: An Effective Method of Ad Copywriting**

Writing an advertisement copy keeping the target audience in mind always yields a better result. In ad copywriting, there is a very popular saying, if you want to write an effective ad copy, you should put yourself in your customers' shoe. An ad copywriter should think like the target audience in order to relate with the consumers. It will enable him or her to write an effective copy for all kinds of advertisement mediums.

- **Expertise in Language: A Must for Ad Copywriting**

A good copywriter should be a language expert. The profession of ad copywriting requires an extensive knowledge of language so that an ad copy becomes clear, crisp and catchy. In addition, the factors like grammatical accuracy and flow of writing also matter a lot to make an advertisement a readers' delight.

- **Conversational Tone: A Tool of Successful Ad Copywriting**

An interactive and conversational tone can prove to be effective in ad copywriting. If a copy is written in an interactive way, it will not only catch readers' attention but also engage the visitors' interest in the product or service which can boost sales as well. However, all kinds of advertising styles cannot follow this interactive tone all the time.

- **Impressive Headlines: A Trick to Popularize an Ad Copy**

In the job of ad copywriting, the headline plays a significant role as it is responsible for generating readers' curiosity so that they can read the entire copy to know more about the product or service. Therefore, an ad copywriter should be very much careful about creating a catchy headline for a product or service.

3.5 COPYWRITING FOR PRINT AND BROADCAST MEDIA

3.5.1 Creating Print Advertising

Print advertising layout consists of three parts, namely, headlines, body copy and Slogans, which are discussed as follows:

1. **Headline:** The headline refers to words in the leading position of any advertisement. These are words that will be read first in order to draw the reader's attention. These headlines are set in large, dark that will be read first in order to draw the reader's attention. These headlines generally appear at the top of the body copy. Headlines are supported by sub heads or subsidiary headlines. Sometimes the reader does not read the body copy. So it is very important for the marketers to have a attractive headline for their advertisement.
2. **Body copy:** The body copy explains the detail of the ad. The length of the body copy varies depending on the requirements of the client companies. Some ads have very few words in their body copy and some have very brief explanation in the body copy. Generally simple products are advertised with little copy and technical products and new products have a wordy copy explaining the detail about the product.
3. **Slogan:** A slogan is a catchy sentence or phrase, which is easy to remember. The slogan gives an identity to the company or its product and it creates an impact by repetition. Slogans are short, summarized headlines. Slogans may use an appeal, or a pleasant incident in life of a product, a pleasant description of a product quality. Some of the example of good advertising slogans are as follows:

Table 3.1: Famous advertising slogan

Product or Company	Famous advertising slogan
L.G.	Life's Good
Onida T.V. in India	Neighbour's envy, owner's pride
Coca- Cola	The real thing
K.F.C.	Finger lickin' good
Nokia	Connecting people

3.5.2 Creating Broadcast Advertising

Both radio and TV are the challenging media for the copywriters. Let us discuss copy writing of these two media as follows:

- Radio commercial messages contain words, music and sound effects, which create "mind picture" among the listeners. While writing copy for radio commercial, one should take into account the context in which the message will appear and the type of audience the particular AIR station will attract at that particular point of time. Most radio commercials are recorded announcements.

Again in case of T.V. commercials, the advertiser in effect may be visible on the screen, and display the product, including a demonstration of its performance. T.V commercials are shown for very short duration (generally for 30 seconds) but they need a long preparation time. First the script for TV ad should be written and based on that the casting and editing takes place.

How to write television copy :

In case of television advertising, the following would suffice that it is a very good alternative compared to some other media vehicles.

(i) Moving action makes television so much more engaging than print

(ii) The challenge is to fuse the images with the words to present a creative concept and a story

(iii) Storytelling is one way copywriters can present action in a television commercial more powerfully than in other media

(iv) Jingles: Jingles are catchy little tunes which have very high recall value.

(v) Use of emotional approach: The emotional magic works wonderfully for TV ad.

(vi) Music and songs: With the help of music and songs the advertisement can be made more attractive.

(vii) Endorsement: Celebrity endorsement creates an advertisement more attractive, memorable and convincing.

(viii) Demonstration: Demonstration in ad gets more popularity when the product is complex in nature.

CHECK YOUR PROGRESS

Q 1: Define Copywriting.

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Q 2: What are the three segments of Print Advertising?

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3.6 DESIGN AND LAYOUT GRAPHICS AND ILLUSTRATIONS

In graphic design and advertising, a **comprehensive layout** is the page layout of a proposed design as initially presented by the designer to a client, showing the relative positions of text and illustrations before the final content of those elements has been decided upon. It serves as a draft of the final layout, and (if approved) is used as guide for further design changes and, ultimately, for production.

Traditionally, the four stages of an illustration or other commercial art creation (e.g., advertisement) are: *Sketch*—the initial idea roughly 'sketched out' in order to quickly transfer the idea on to a physical substrate, *Layout*—the idea laid out in relative position for further development, the

idea created in such a way as to closely mimic the final creation; usually as a step toward A*pproval* by decision-makers, and *Finish*—the idea rendered in the appropriate medium for sale, display, or reproduction.

For traditional media (e.g., paint of a layout done on tracing paper could be laid over other media (e.g., a photo) to see how it would eventually appear after finish , and to ascertain overall feasibility.



CHECK YOUR PROGRESS

Q 3: What are the four stages of commercial art creation?

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Q 4: What is comprehensive layout?

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3.7 ROLE OF COLOUR IN ADVERTISING

We associate green to grass and the outdoors. Blue colour is representative of the sky and ocean. With these built-in instincts to understanding colour, it's no surprise that many health and beauty products apply these colors to their branding efforts. On to the cooler side of things, ever wonder why performers wait in a designated area called The Green Room? Light cool colours (green, blue) are known to have a calming effect. While designing advertisements, the advertisers should consider the aspects of appeal of different colour.

Subdued blue, for instance, is considered to be professional and trustworthy. Financial institutions often use blue for this reason. We may consider the print advertisements and logo of SBI and you may observe the role of blue colour. Many uniforms are also in a dark blue, such as those used by the Petrol Pumps operator. Deeper green colour is associated to wealth and quality; hence the colour of money.

Given these implications, it's important to understand that colour plays a very critical role in memory recall, which makes colour consistency

advertising a critical necessity for the marketer.

The examples above only indicates on the fundamentals of colour and psychology. Every good Advertiser should understand these basics and apply the best colours needed for their advertisements.

3.8 ROLE OF ADVERTISING AGENCY

An Advertising Agency is just like a tailor. The advertising agency provides customized design and services to its clients. It creates the ads, plans how, when and where it should be delivered and hands it over to the client. Advertising agencies are expected to function independently based on their design and execution for the benefits of their clients. These agencies take all the efforts for selling the product of the clients. They have a group of people who are expert in their particular fields. They have specialists for creative design, graphics, media scheduling etc. thus helping the companies or organizations to reach their target customer in an easy and simple way. The advertising agencies mainly perform the following roles.

- Creating an advertisement on the basis of information gathered about product
- Doing research on the company and the product and reactions of the customers.
- Planning for type of media to be used, when and where to be used, and for how much time to be used.
- Taking the feedbacks from the clients as well as the customers and then deciding the further line of action

All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by the companies are:

- The agencies are experts in their respective fields. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.

- They work with an objective and are very professional.
- Hiring them leads in saving the costs up to some extent.

  Good quality copywriting and better execution can be ensured by availing the professional services rendered by advertising agencies.



CHECK YOUR PROGRESS

Q 5: State any two roles of Advertising agency.

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3.9 LET US SUM UP

In this unit we have discussed the following:

- Creativity and the ability to express it in powerful copy, is central to effective copy writing in advertising.
- Copywriting is the act of writing copy (text) for the purpose of advertising or marketing a product, business, person, opinion or idea.
- A copywriter is a person, who verbalizes concepts in ways that inform audiences and move them to action.
- Print advertising layout consists of three parts, namely, headlines, body copy and slogans.
- The headline refers to words in the leading position of any advertisement.
- The body copy explains the detail of the ad. The length of body copy varies depending on the requirements of the client.
- A slogan is a catchy sentence or phrase, which is easy to remember.
- While writing copy for radio commercial, one should take into account the context in which the message will appear and the type of audience the particular AIR station will attract at that particular point of time.
- In case of T.V. commercials, the advertiser in effect may be visible on the screen, and display the product, including a demonstration of its performance.

- In case of designing advertisement, role and choice of colour is quite crucial.
- The advertiser can increase the effectiveness of advertising efforts by roping in the services of advertising agencies.



3.10 FURTHER READING

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

3.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Copy writing is the act of writing copy (text) for the purpose of advertising or marketing a product, business, person, opinion or idea.

Ans to Q No 2: Headline, Body copy and Slogan

Ans to Q No 3: Sketch, Layout, Approval and Finish

Ans to Q No 4: a **comprehensive layout** is the page layout of a proposed design presented by the designer to a client, showing the positions of text and illustrations before the final design.

Ans to Q No 5: The two roles of Advertising agencies are:

- Creating an advertisement on the basis of information gathered about product
- Doing research on the company and the product and reactions of the customers.



3.12 MODEL QUESTIONS

Q 1: State some guidelines for copy writing.

Q 2: State the aspects to be considered while writing a copy of Print advertisement?

Q 3: State the aspects to be considered while writing a copy of Broadcast advertisement?

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UNIT 4 : ADVERTISING BUDGET

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Concept of Advertising Budget

4.4 Factors Influencing Advertising Budget

4.5 Developing and Managing Advertising Program

4.6 Setting Advertising Objectives

4.7 DAGMAR

4.8 Budgeting Methods

4.9 Let Us Sum Up

4.10 Further Reading

4.11 Answers to Check Your Progress

4.12 Model Questions

4.1 LEARNING OBJECTIVES

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

- discuss the concept of advertising budget
- discuss the factors thatn influence advertising budget
- explain the different budgetinhg methods
- understand the process of developing and managing advertising program
- understand the way of setting advertising objectives
- understand the DAGMAR approach to advertising.

4.2 INTRODUCTION

In this unit we are going to discuss the concept of advertising budget. Preparing the budget for advertisements is very important considering the involvement of funds. Therefore, we will also discuss the factors that influence the advertising budget and the budgeting methods etc.

4.3 CONCEPT OF ADVETISING 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.

4.4 FACTORS INFLUENCING ADVERTISING BUDGET

- Who is the customer?

  The best way to determine the answer to this question is to create a profile of customers. How are old are they? Where do they work? Are they male, female, or both? What are their beliefs and attitudes? Be specific. Everyone can't be your audience, so knowing who is can help you choose the best message and media to reach your goals.

- What type of media does the target audience pay attention to?

  These days marketers have a myriad of media choices to choose from. But it is very unlikely that you are going to reach a senior citizen using the same media you need to reach a teenager. Therefore, it is important to know who your real target audience is?

- What type of appeal is needed to persuade the target audience to buy?

  Emotional or rational? Using the wrong one will not give the sales that a company want, no matter how much the company spend on producing and airing it.

- How old is your business or product ?

  An unknown business is going to have to spend much more on advertising than one that is already established in the mind of its customers.

- What is your product or service?

  Sometimes word of mouth works better than a full page spread in the newspapers. That depens on the product or the services offered by the company.

- What are your profit margin expectations?

  Even once your business is established, you may continue to want to spend a lot on advertising to keep your product in the mind of your target market.

4.5 DEVELOPING AND MANAGING ADVERTISING PROGRAM

The concept of managing and developing an advertising program 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 program. Only then they should take up the major decisions in developing a program 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.

4.6 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 program.

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

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

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

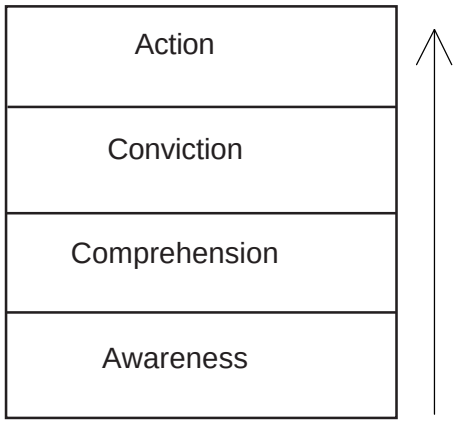
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4.7 DAGMAR

"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.

4.8 BUDGETING METHODS

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 5: DAGMAR means.

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Q 6: Who proposed the concept of DAGMAR?

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Q 7: State the steps of DAGMAR model.

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Q 8: State the methods of advertising budget.

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Q 9: State the formula for percentage of sales method.

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4.9 LET US SUM UP

In this unit we have discuss the following:

- 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.



4.10 FURTHER READING

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.

4.11 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: DAGMAR means 'Defining Advertising Goals for Measured Advertising Results'.

Ans to Q No 6: Russell H. Coney had proposed the DAGMAR in 1961

Ans to Q No 7: Awareness, Comprehension, Conviction and Action are the steps of DAGMAR model of advertising.

Ans to Q No 8: Objective and task, percentage of sales, affordability and competitive parity are the methods for setting the advertising budget.

Ans to Q No 9: The percentage of sales method can be expressed by the formula:

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



4.12 MODEL QUESTIONS

Q 1: Define DAGMAR.

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

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

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

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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UNIT 5: MEASURING ADVERTISING EFFECTIVENESS

UNIT STRUCTURE

5.1 Leaning Objectives

5.2 Introduction

5.3 Deciding on Reach, Frequency and Impact

- 5.3.1 Advertising Reach
- 5.3.2 Advertising Frequency
- 5.3.3 Advertising Impact

5.4 Copy Testing

5.5 Advertising Recognition and Recall Tests

5.6 Issues in Assessing Impact of Advertising

5.7 Measuring the Performance of an Advertising Agency

5.8 Let Us Sum Up

5.9 Further Reading

5.10 Answers to Check Your Progress

5.11 Model Questions

5.1 LEARNING OBJECTIVES

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

- understand the reach, frequency and impact of advertising
- understanding copy testing
- understand the advertising recognition and recall tests
- understand the issues in assessing impact of advertising
- understand the performance of an advertising agency.

5.2 INTRODUCTION

An advertisement, in order to be effective, must be designed keeping in mind the age group of the targeted customers, the geographic location and also the cultural aspect. In this unit we will discuss briefly, reach, frequency, copy testing, performance of advertising agencies etc.

5.3 DECIDING ON REACH, FREQUENCY AND IMPACT

5.3.1 Advertising Reach

It is important for an advertiser to understand his target segment of customers before advertising the product or service. In marketing, the concept of segmenting, targeting and positioning are important and need to be constantly taken into consideration by the advertiser. It is important for the advertiser to know the probable customers for whom the product will be advertised. An advertisement will be effective only when the advertiser have knowledge of the demographic, cultural and geographic segments of the target customers.

For example, in terms of age, Pampers, a baby product is advertised in a manner keeping in view the requirement of the baby. Similarly, HFDC Life insurance in its advertisement had advertised its post retirement plans with the tag “jiyo sar utha ke”.

Also, we have seen that “Coke” had involved film star Aamir Khan in its earlier advertisement to market its product in a unique way for the rural customers. Moreover, in order to ensure that its product reaches the rural customers, “Chota Coke’ was introduced.

Advertisers therefore must understand the customers and thereafter try to position their products or services in the minds of their targeted segments.

5.3.2 Advertising Frequency

It is indeed important for the advertiser to know when and how often he should advertise the product. For example, some household products are advertised during the day, preferably during noon so that the homemakers may be targeted. However, most products are advertised during the prime time, i.e. preferably during the evening hours so as to attract most of the customers. Moreover,

there are certain products that are advertised only on popular sports channels so as to target mostly the young customers who are attracted towards sports or adventure. Also products advertised in certain magazines in the business class inside flights are not found in other common magazines. The reason is to attract the HNI customers.

In advertising, we know are familiar with the three concepts of selective attention, selective distortion and selective retention. Every moment the customers come across different types of advertisements. Certain advertisements are able to attract them while most are avoided. In order to sustain in the competition, advertisers must frequently advertise their products in such a way so that it can attract the customers. However, it must be ensured that the products so advertised should be in such a way that it is able to meet the customers' expectations or else the amount invested will be wasted.

5.3.3 Advertising Impact

That the advertisement has been able to create an impact can be judged by the number of preferences it got from the customers. That means customer response for the product. In order to gain a positive and wide response from the customers, the advertiser must create an ad that is able to satisfy the most unmet need of the customer.

For example, Reliance Jio has been able to meet the most unmet need of the customers. It is a perfect example of advertising reach, frequency and impact. Standing on the Digital India campaign, the company has reached the targeted customers in a significant way which is highlighted in the high and positive response from the customers.

5.4 COPY TESTING

Copy testing refers to checking the effectiveness of an advertisement in terms of recall, content and how well the message was comprehended. As the company has to bear a huge advertising expense therefore the ad should be such that the targeted audiences are persuaded to buy the product or service being advertised. Therefore, copy testing is a tool to check the effectiveness of an advertisement. Copy testing can be performed before and after releasing the advertisement in the media. In the first case, it is termed as pre testing and in the second case it is termed as post testing. The results obtained in the pre-tests are used to make improvements if required in the final advertisement. Post-tests, on the other hand, reveal how the advertisement was perceived by the target audiences, i.e. whether it was successful or not. In copy testing, the advertisement is shown to the audience and their reactions are studied. This helps in evaluating the appeal of the advertisement to the target customer and whether the message was communicated properly.

5.5 ADVERTISING RECOGNITION AND RECALL TESTS

Recognition test is a special type of tests in advertising that is used to measure the awareness level of the target audience regarding an advertisement to which he has been exposed to. In this an advertisement is shown or described to the respondents and his verbal responses are noted. If the respondent has seen the advertisement, then he is asked questions regarding the copy of the message, name of the brand etc. Tests which are used to check the recognition are:

a) **Mail Survey:** In this a questionnaire containing the description of an advertisement and a few questions regarding the advertisement is mailed to the target audience. The brand name is not revealed and the respondents have to identify it. Respondents are then required to fill up the questionnaire and mail back the filled up forms. Such surveys are also conducted to measure the recognition for radio and TV commercials.

b) Starch Tests: This test is intended to find out whether a reader has observed a particular advertisement in a magazine. Daniel Starch, a psychologist had invented this test in 1923 to measure the effectiveness of print ads. The pre-condition for such a test is that the respondents should have already read the same issue of the magazine in normal conditions as a regular reading. During the test, the respondents are asked whether he has seen or read the advertisement before. Depending on the responses, the advertisement in the magazine are divided into three categories:

i. **Read Most:** The respondents read half or more of the copy.

ii. **Seen Associated**: The respondents read only that part of the advertisement which describes the brand or service.

iii. **Noted:** The respondents remember seeing the advertisement.

Starch scores obtained in such a manner are found to be highly reliable. This test also reveals that the recognition of an advertisement also depends on the product class, variable of the copy (size, colour, etc) and media used.

Recall is defined as the process of remembering something or recovering information by mental effort. It is based on the theory that the commercial leaves an impression on the mind of the person who has seen it. Recall tests are designed to measure an advertisement's impact by asking respondents to recall particular components of an advertisement.

Depending on the amount of help given to the respondents to recall the advertisement, the recall is classified as unaided recall and aided recall. In unaided recall the respondent is not prompted with any elements of the advertisement. He is given only the name of the product or service. It involves the respondent questions like 'name the soft drinks he knows'. In aided recall, the respondent is prompted with the brand name or some pictures of a commercial. It involves questions like 'have you heard of a soft drink called Mountain dew?'

Day-After-recall tests

Day-after-recall (DAR) test was designed by George Gallup in 1940. This test is conducted 24 hours to 72 hours after the telecast of the

commercial. The respondents are selected randomly and are contacted by telephone. They are asked if they remember watching any advertisement of the product category. If the respondent replies with the correct brand name, then the response is called unaided recall. Otherwise the respondent is given some more information about the commercial.



CHECK YOUR PROGRESS

Q 1: An advertisement will be effective only when the advertiser have knowledge of the ....., ... and ..... segments of the target customers.

Q 2: In advertising, we know are familiar with the three concepts of ....., ... and .....

Q 3: Define Copy testing.

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Q 4: What is Recognition tests?

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Q 5: What is Recall tests?

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.....

5.6 ISSUES IN ASSESSING IMPACT OF ADVERTISING

Advertising today have become a part of our day to day lives. This 21st century can be rightly called as the age of advertising. Advertising has been able to cast a deep impact in the social as well as the economic aspect of our day-to-day activities.

Social Aspect of Advertising

Though the main aim of advertising is to enhance the sales and generate profit for the organization yet today with the passage of time, it has

become an indispensible part of our modern society. Some people are of the opinion that advertising has both positive as well as negative impact on the society. That advertising have had a positive and effective role in the society can be assessed by whether the advertisement has any message for the welfare of the society or whether it is able to improve the standard of living of the people, has been able to highlight the cultural values of the society etc. A society consists of people with diverse habits, customs, attitudes, beliefs, rituals and values. An advertiser must understand these factors well before advertising a product or a service. Similarly, advertising and culture are indispensible. An advertisement must be able to link the product or the service with the culture, values and customs of a society. It will not be entirely wrong to say that the cultural norms, beliefs and values are the basis for selecting and evaluating the goods and services.

Economic aspect of advertising

Sahni, N.K., and Gupta, M., (2011); "Advertising and Sales Management (Text and Cases)", have mentioned that advertising is a sub-system of the economic system. It is indirectly the backbone of any economic activity as it touches and influences the life of each and everyone within the society. Not only that advertising has an impact on the production and distribution costs but also on the consumer prices of various products as well. It is indeed true that the prices of different goods and services would have been otherwise low if there would have no advertisement at all. The expenditure incurred on advertising the products and services are in some way passed on to the customer who will have to bear the burden of it in the form of high cost of the products. But it is also known that effective advertising will also enhance sales volume and will therefore indirectly lead to reduction in cost of production and distribution.

5.7 MEASURING THE PERFORMANCE OF AN ADVERTISING AGENCY

An advertising agency is an integral part in the world of advertising. It is bestowed with the responsibility of creatively designing an ad to its

successful implementation so as not only to persuade the target customers towards the products but also to enhance the sales volume and net profit of the respective company. A company has to make significant investment for the success of an ad campaign. Here, the role of an agency is significant. In order to stand up to the high customer expectations and also to sustain in the cut throat competition, an advertising agency has to come up with some sort of inquisitiveness in designing an ad. The effectiveness of an agency can be measured and known by the number of responses that the ad campaign receives. From the company's point of view, the success of an agency would be highlighted if there is a significant rise in the sales volume of the product. Its performance becomes even more prominent during the festive season, when they come up with much more creativity in the ads that they design for the company because it is mostly during such times that there is a possibility of high sales.

For example, most of the ads in case of consumer durables companies are prepared by the advertising agencies wherein the names of the dealers and distributors of the company are incorporated so that the customers can contact them regarding product related information. Therefore the company sales people often visit the dealers to know about the status of their products in terms of the sales volume. Moreover, an advertising agency must also take into consideration that the ad is cost effective as well.

Overall, the work of an advertising agency will be considered successful, if it is able to attract the target customers well and is able to generate greater awareness about the products through the ad which will bring in more revenue for the company and is cost effective.

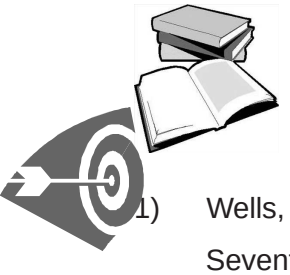


5.8 LET US SUM UP

In this unit we have discuss the following:

- An advertiser to understand his target segment of customers before advertising the product or service.

- Selective attention, selective distortion and selective retention are the three concepts of advertising
- Advertisers must frequently advertise their products in such a way so that it can attract the customers.
- A good advertisement is one where targeted audiences are persuaded to buy the product or service being advertised.
- Recognition and Recall tests are used to measure the effectiveness advertisement.
- The main aim of advertising is to enhance the sales and generate profit for the organization
- Advertising has both positive as well as negative impact on the society.
- Advertising has an impact on the production cost, distribution cost and on the consumer prices of goods and services.



5.9 FURTHER READING

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

5.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: An advertisement will be effective only when the advertiser have knowledge of the demographic, cultural and geographic segments of the target customers.

Ans to Q No 2: In advertising, we know are familiar with the three concepts of selective attention, selective distortion and selective retention.

Ans to Q No 3: Copy testing is a process to check the effectiveness of advertisements in terms of recall, content and how well the message was comprehended

Ans to Q No 4: Recognition test is a special type of tests in advertising that is used to measure the awareness level of the target audience regarding an advertisement to which he has been exposed to.

Ans to Q No 5: Recall test is defined as the process of remembering something or recovering information by mental effort. It is based on the theory that the commercial leaves an impression on the mind of the person who has seen it.

The effectiveness of an advertising agency can be assessed by the increase in the sales volume of the products, customer response, revenue generation for the company and cost effectiveness.



5.11 MODEL QUESTIONS

Q 1: Discuss the concept of advertising reach, frequency and impact with examples.

Q 2: Why Copy testing is important?

Q 3: Explain Recognition and Recall test of advertising.

Q 4: "Advertising has both positive and negative effect on the society"- Explain.

Q 5: How can the performance of an advertising agency be assessed?

*** ***** ***

UNIT 6: ADVERTISING AGENCIES

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Concept of Advertising Agency

6.4 Types of Advertising Agencies

6.5 Role and Characteristics of Advertising Agency

6.6 Functions of Advertising Agencies

6.7 Structure of an Advertising Agency

6.8 Client-Agency Relationship

6.9 How to Keep Clients(10 Ways)

6.10 Let us Sum Up

6.11 Further Reading

6.12 Answers To Check Your Progress

6.13 Model Questions

6.1 LEARNING OBJECTIVES

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

- discuss the types of Advertising Agency
- outline role and the functions of Advertising Agencies
- discuss the structure of an Advertising Agency
- describe the Client Agency Relationship
- learn what should be considerd by the advertising agencies to keep their clients.

6.2 INTRODUCTION

In this unit we will discuss the concept of advertising agency, its importance. The different characteristics, types, structure of advertising ageny will also be discussed in this unit. Towards the end of the unit, client-agency relationship will also be discussed.

6.3 CONCEPT OF ADVERTISING AGENCY

An advertising agency is a service business which is responsible for creating, planning, and handling advertising (and sometimes other forms of promotion) for its clients. An ad agency is independent from the client and provides an outside point of view to the effort of selling the client's products or services. These agencies take all the efforts for selling the concept to the client so that they can get the business of selling and promoting the brands of client organization.They have a group of people expert in their particular field who help the companies to reach their target customers in an easy way. The advertising agencies are supposed to have a team of professionals who are experts in creative works, design and implementation, media selection, media buying and research, market research and intelligence etc. To that extent, the advertising agencies develop professional relationship with their client organizations. Advertising agencies play a very meaningful role in development of market for the brands of their clients. In this unit, we shall discuss in details about various aspects of the role and functioning of advertising agencies.

6.4 TYPES OF ADVERTISING AGENCIES

The advertising agencies play different kind of roles. Depending on the kind of roles and the functions they perform, the advertising agencies can be categorized.

There are basically **5 types of advertising agencies**.

1. Full service Agencies

- Large size agencies and they can execute a wide variety of works like online marketing, rural marketing etc..
- They can deal with all stages of advertisement starting from market research to idea generation and then from idea execution to advertising evaluation.
- Different experts for different departments are available in full service advertising agencies

2. Interactive Agencies

- Modernized modes of communication are used.

- Uses online advertisements, sending personal messages on mobile phones, etc.
- The ads produced are very interactive, having very new concepts, and very innovative.

3. Creative Boutiques

- Very creative and innovative ads characterize these kind of advertising agencies.
- No other function is performed other than creating actual ads.
- Small sized agencies with their own copywriters, directors, and creative people.

4. Media Buying Agencies

- Buys place for advertisements and sells it to the advertisers.
- Sells time in which advertisement will be placed.
- Schedules slots at different television channels and radio stations.
- Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

5. In-House Agencies

- As good as the full service agencies but within the organization.
- Big organization prefers these types of agencies which are in built and work only for them.
- These agencies work as per the requirements of the organizations. There are some specialized agencies which work for some special advertisements. These types of agencies need people of special knowledge in that field. For example one company may need high quality primary data on rural market for advertising copy development. There may be some special agencies having expertise on rural market interventions.

6.5 ROLE AND CHARACTERISTICS OF ADVERTISING AGENCY

The major role od an advertising agency is to work alongside the client to develop and sustain the brands that they mutually serve, through consumer understanding and insight and through creative and media delivery

skills to provide best advice and the best execution thereof to those clients for the advertising of those brands.

1. Creating an advertisement on the basis of information gathered about product
2. Doing research on the company and the product and reactions of the customers.
3. Planning for type of media to be used, when and where to be used, and for how much time to be used.
4. Taking the feedbacks from the clients as well as the customers and then deciding the further line of action

All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by the companies are:

- The agencies are expert in this field. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.
- They work with an objective and conduct the activities in a professional manner.

Most advertisers assign this job of informing the target audience and creating images to advertising agencies. Thus, the advertising agencies plan, prepare and place ads in the media. But even an advertiser can do all these things.

The characteristics of an advertising agency can be enlisted as follows:

- **Expertise and experience**- An advertising agency brings together people with the required expertise and experience of the various sub-disciplines of advertising. Thus, it has the copywriters, visualizes, researchers, photographers, directors, planners and people who get business and deal with clients working in ad agencies. An agency moulds all these people into a team and gives them a highly conducive work atmosphere. The agency makes the best use of their talents

and experience to deliver rapidly, efficiently and in greater depth than a company or organization could do on its own.

- **Objectivity and professionalism**- Advertising agencies are highly professional. Objectivity is a major virtue of ad agency. They operate in a strange way. While they take up advertising for others, agencies hardly advertise themselves. Ad agencies being outside intermediaries can be objective. They thus will offer independent and detached viewpoints and suggestions based on objective analysis.
- **Cost effective**- If an organization wants to hire people to do its advertising, it can not provide them work all through the year. Also most experts in the fields of advertising like directors, musicians, photographers, charge huge amounts and are often not affordable. Moreover, hiring, organizing and managing all talents required to produce advertising campaigns is not an easy thing. The advertising agencies can mobilize all these services and resources in a very cost effective manner.



CHECK YOUR PROGRESS

Q 1: What are the different types of advertising agencies?

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Q 2: State any two characteristics of Advertising Agencies.

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6.6 FUNCTIONS OF ADVERTISING AGENCY

The advertising agency performs all the managerial functions. Some of these are planning, creation and execution, co-ordination, accounting, media research and internal control. Today advertising agencies are found in virtually every major city in the world and they play a very important role in stimulating economic growth. The advertising agency is a group of specialists in the area of advertising who meet the client's needs for

advertising services. It acts as an agent or consultant of the advertiser who is a manufacturer, wholesaler or retailer. It is not an agent in the legal sense.

- **Planning:** The advertising agency plans the advertising campaign. The management delegates the responsibility of advertising planning and execution to the agency. The advertising agency prepares the strategic plan for the brand and based on that designs and executes the advertising plan.
- **Creation and Execution:** Specific advertisements are created by the agency. The advertising works are highly creative. The advertising copy is written, the layout is prepared, illustrations are drawn, and photographs are finalized by the advertising agency. The basic function of an Ad Agency is providing talent. The creative efforts of the art director, the detailed analysis of the research director and the understanding of the campaign director, are just a few examples of the many abilities of Ad Agency personnel have to offer.
- **Co-ordination:** The advertising agency co-ordinates several activities. It often works with the client's sales force and distribution network to ensure the long run success of the advertising programme. The advertising agencies are expected to coordinate marketing research related activities also.
- **Accounting:** The advertising agency maintains proper accounts in co-operation with the clients. The accountant is in charge of the administration of the advertising programme on the agency side. The amount of fees received from the client and the payment of taxes, bills and other charges are accounted for by the accountant.
- **Media:** On the basis of the media habits (access and exposure) of the target audience, agency people prepare a media plan. This plan includes which media to be used, which part of the media to be used, when to place the ads and for how long to place the ads, etc. Media planners keep track of the viewer ship, listener ship and readership of all kinds of media.The advertising agency selects the media or a set of media for the clients to reach the right type of audience which is an important factor in media selection. The rates, circulation, population, audience, income and other important information are collected.

- **Research:** Research is a key function in an advertising campaign. Research makes every decision systematic and logical, based on facts and figures. In order to distribute the message to the public successfully, the agency must first know all that it can about the product. One of the first jobs is to research the product and the company, one must learn, one possibly can about both. This needs to be done in the context of competition and consumer behaviour. The research must even take one close to the heart of the firm's inner operations. Ad agencies use research as a tool to test consumer reactions to products and services.
- **Monitoring Feedback**: By monitoring consumer feedback, a decision on whether to revise the message, the medium, the target audience or all of them can be made. Ad agencies are developing to reach the target audience. As information is the backbone of all advertising, to prepare ads, one requires information about the product, its competitors, the market situation and trends, information about the audiences (their likes and dislikes and media habits) also need to be collected. Some of the most effective advertising includes advertisement written in their native language. All of these specialized campaigns are creating new demands on agencies and are requiring new talents for people who work in advertising.

The major role of an advertising agency is to work alongside the clients to develop and sustain the brands that they mutually serve, through consumer understanding and insight and through creative and media delivery skills to provide best advice and the best execution thereof to those clients for the advertising of those brands.The following statement indicates the power of intangible aspects of brand building.

"Buildings age and become dilapidated. Machines wear out. People die. But what live on are the brands."

Brands are much more than mere products and services. Brands, if successful, are clearly differentiated entities with which consumers can and do form a mutually beneficial relationship over time, because of the values – rational and emotional, physical and aesthetic – that consumers derive from them. The importance can be summed up as follows:

" A product is something that is made, in a factory: a brand is something that is bought, by a customer. A competitor can copy a product; a brand is unique. A product can be quickly out-dated; a successful brand is timeless."

The role of advertising and the advertising agency is to help effect this transformation from product or service to brand by clearly positioning the offering to the consumer – its role and its benefits – and by communicating the brand's own personality. In short its role is to provide meaningful differentiation via the consumer connection.

As one wise head in advertising once said, "nothing kills a bad product faster than good advertising". Typically advertising is playing this role, along with other parts of what we call the marketing mix, in highly competitive market places.

The advertising agency is a group of specialists in the area of advertising who meet the client's needs for advertising services. It acts as an agent or consultant of the advertiser who is a manufacturer, wholesaler or retailer. It is not an agent in the legal sense.



LET US KNOW

Top three Advertising Companies of India:

Ogilvy and Mather: This is one of the leading advertising companies in India. This organization believes that devotion to the brand defines the profile of their company. This company has offices across the globe. The objective of the company is to build brands. It is a subsidiary of WPP Group plc. The headquarters of the company is in New York.

J Walter Thompson India: One of the most popular companies in the advertising industry is J Walter Thompson India. Their objective is to make advertising a part of the life of the consumers. This is also world's best advertising brand with about 200 offices in 90 countries. This company is the first one to introduce pioneer careers in ad for women, sex-appeal ads and also produced the first ever sponsored -TV programme.

Mudra Communication Pvt. Ltd: This is one of the renowned advertising companies of India. This advertising organization was founded in the year 1980 at Mumbai. Recently the Ad Company declared the addition of public relations, rural marketing, events etc. The head office of the company is in Mumbai Area.



ACTIVITY 1

As an advertising agent, prepare an advertising campaign for baby food products on behalf of your client.

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Advertising agencies need to have a wide expertise in the area of marketing and communications. Which is why they employ specialists who can easily understand economic, demographic and psychographic data given to them. They add significant insights to this from their own experience and data banks.The various departments of an agency can be classified as follows:

Account Management: The face of the agency. These are the people who meet the client on a day to day basis. It is their responsibility to ensure that the work goes out on time and the bills are paid.

Advertising agencies come in all *shapes and sizes.* Some are *small* boutique shops that have just a few people. Others are *giants* that employ thousands of people in offices all around the world.

But, however large or small the agency, there is a basic structure that most advertising agencies stick to. In the smaller agencies, some people will perform more than one role. One person my actually be the entire department. But the fundamentals are the same, and it's because this model was born out of necessity and it works.

6.7 STRUCTURE OF AN ADVERTISING AGENCY

The major departments in any advertising agency are listed as follows:

Accounts Executive: Organizes the resources of the agency to solve the problems of the client.

The Creative Team: Basically comprises of a writer and a designer. Accounts Planner.

Researcher: Responsible for the data and market intelligence on the account.

Media Planner: This team actually makes the campaign come live.

Accounts Director: Account Directors are responsible for providing service to clientele of the agency.

Creative Director: Overall incharge for the creative and the artwork of agency's clients.

6.8 CLIENT- AGENCY RELATIONSHIP

Here we will discuss a good client and its relationship with an agency. On the other hand the basic requirements of holding on to clients will be discussed. The quality of relationship between client and agency is important and requires that both parties should work hard to develop the right kind of relationship. The business of advertising agency flourishes and its prosperity and growth are linked with the success of its clients. Good clients develop a sense of partnership with the agency. They trust and respect the agency's expertise. The agency should be briefed of what is required by the client before any creative work is done. Once the client is satisfied with the advertising agency, they treat their agencies as an important part of their marketing organisation.

6.9 HOW TO KEEP CLIENTS (10 Ways)

In order to convince the client, the Advertising agencies should effectively serve their clients in the following ways:

1. Devote your best brains to the service of your clients.
2. Avoid hiring unstable, quarrelsome executives.
3. Avoid taking on clients who have a record of firing agencies regularly
4. Keep contact with your clients at all levels.
5. Begin preparing another campaign as soon as one has been approved by the client.
6. Try to see things from the client's perspective.
7. Never refuse a client on a pretext of having a previous engagement.
8. Better admit mistakes & do so before you are charged with them.
9. Always rehearse you presentations before presenting to clients.
10. During a presentation while reading aloud never depart from printed text.



CHECK YOUR PROGRESS

Q 3: State the structure of Advertising agencies.

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6.10 LET US SUM UP

In this unit we have discussed the following:

- An advertising agency is a service business which is responsible for creating, planning, and handling advertising (and sometimes other forms of promotion) for its clients.
- There are basically 5 types of advertising agencies.
  - I. Full service Agencies
  - II. Interactive Agencies
  - III. Creative Boutiques
  - IV. Media Buying Agencies
  - V. In-House Agencies

- The major role as advertising agency is to work alongside the client to develop and sustain the brands that they mutually serve, through consumer understanding and insight and through creative and media delivery skills to provide the best advice and the best execution thereof to those clients for the advertising of those brands.
- The quality of relationship between client and agency is important and requires that both parties should work hard to develop the right kind of relationship.



6.11 FURTHER READING

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

6.12 ANSWER TO CHECK YOUR PROGRESS

Ans to Q No 1: Full service Agencies

Interactive Agencies

Creative Boutiques

Media Buying Agencies

In-House Agencies

Ans to Q No 2: "Expertise and experience" and "Objectivity and professionalism"

Ans to Q No 3: The major departments in any advertising agency are listed as follows:

Account Executive

The Creative Team

Researcher

Media Planner

Account Director

Creative Director



6.13 MODEL QUESTIONS

Q 1: What is the role of Advertising Agency?

Q 2: State the functions of an Advertising Agency.

Q 3: What are the different types of Advertising Agency?

Q 4: What is the structure of Advertising Agency?

Q 5: Discuss client agency relationship.

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UNIT 7: RURAL MARKETING AND ADVERTISING

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Fundamentals of Rural Marketing

- 7.3.1 Concept of Rural Marketing
- 7.3.2 Phased Evolution of Rural Marketing
- 7.3.3 Rural Marketing Model

7.4 Nature and Characteristics of the Rural Market

- 7.4.1 Opportunities of the Rural Market
- 7.4.2 Challenges of the Rural Market

7.5 Characteristics of Rural Consumer

7.6 Factors Influencing Purchase of Products in Rural Markets

7.7 Advertising Strategy in Rural Markets

- 7.7.1 Selecting the Media Mix/Promotion Mix
- 7.7.2 Promotion Strategies in the Rural market

7.8 Let Us Sum Up

7.9 Further Reading

7.10 Answers to Check Your Progress

7.11 Model Questions

7.1 LEARNING OBJECTIVES

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

- understand the fundamentals of rural marketing
- discuss the nature and characteristics of the rural market
- explain the characteristics of rural consumer
- discuss the advertising strategy in rural markets.

7.2 INTRODUCTION

The size of the prize in India's rural hinterlands is growing bigger than many businesses initially thought. More companies are expanding their

base in India's rural markets than at any other time in history – and for good reason. The marketing battle field has shifted from the towns/cities to the villages. "Go rural" seems to be the latest slogan of the marketers.

Adi Godrej says:

"The rural consumer is discerning and the rural market is vibrant. At the current rate of growth it will soon outstrip the urban market. The rural market is not sleeping any longer. We are."

India's vast rural market offers a huge potential for a marketer facing stiff competition in the urban markets. The rural market environment is very different from the familiar surroundings of the urban market. The current dynamics clearly necessitate sound marketing strategies for marketers trying to tap the rural market and drawing benefits from growing rural consumption.

7.3 RURAL MARKETING

In a large economy like India's, rural marketing has emerged as an important and distinct internal sub-division within the marketing discipline. This sub-divison clearly highlights the differences between rural marketing and mainstream marketing.

7.3.1 Concept of Rural Marketing

The definition of rural marketing based on flows between rural and urban locations require defining the rural area. Collin's Cobuild Dictionary (2001) describes the word rural as "places far away from towns or cities". The definition of rural market that is best suited is the one used by the Census of India (2001) as it has advantages of relevance, simplicity and measurability. Rural is defined as that which is not Urban. And, Urban is:

- All locations with a municipality/corporation, cantonment board or a notified town area;
- All other locations satisfying all of the following criteria:
  a) a minimum population of 5,000;

b) at least 75 percent of the male workforce engaged in non-agricultural activities; and

c) a population density of over 400 per sq. km.

The term 'rural marketing' which was earlier used as an umbrella term to refer to all commercial transactions of rural people, acquired a separate meaning of great significance in 1990s. Prior to mid-1960s, rural marketing referred to marketing of rural goods and services in rural and urban areas and agricultural inputs in rural markets. It was considered synonymous to "Agricultural Marketing". During the period of mid 1960s – mid 1990s, the marketing of rural products received considerable attention in the general marketing framework. The formation of bodies like KVIC, GCC, APCO Fabrics and the increasing importance given by government to promote and market these products contributed to the upsurge of these products. After mid 1990s, rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfil the needs and wants of individuals, households and occupations of rural people. In 21st Century, the corporate world has finally realized that quick-fix solutions and piecemeal approaches will deliver only limited results in the rural market. A long-term commitment with the rural market is needed on the part of the organizations to explore the existing potential of this market. At the same time the focus of the marketer should not be limited to just selling product and services, rather they should set an aim at creating an environment for this to happen.

7.3.2 Evolution of Rural Marketing

Rural marketing as it exists today is a result of evolution over many decades. Different patterns of flow of goods and services were dominating the rural marketing spectrum at different times. These time spans were long enough to be called as different phases, which are described below:

(i) **Phase I (before 1960):** Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. Phase I was treated as synonymous to 'agricultural marketing'.

(ii) **Phase II (1960 to 1990):** In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheats and paddies. During these period, marketing of agricultural inputs took the importance. In phase II, rural marketing represented marketing of agricultural in rural markets and marketing of rural produce in urban areas.

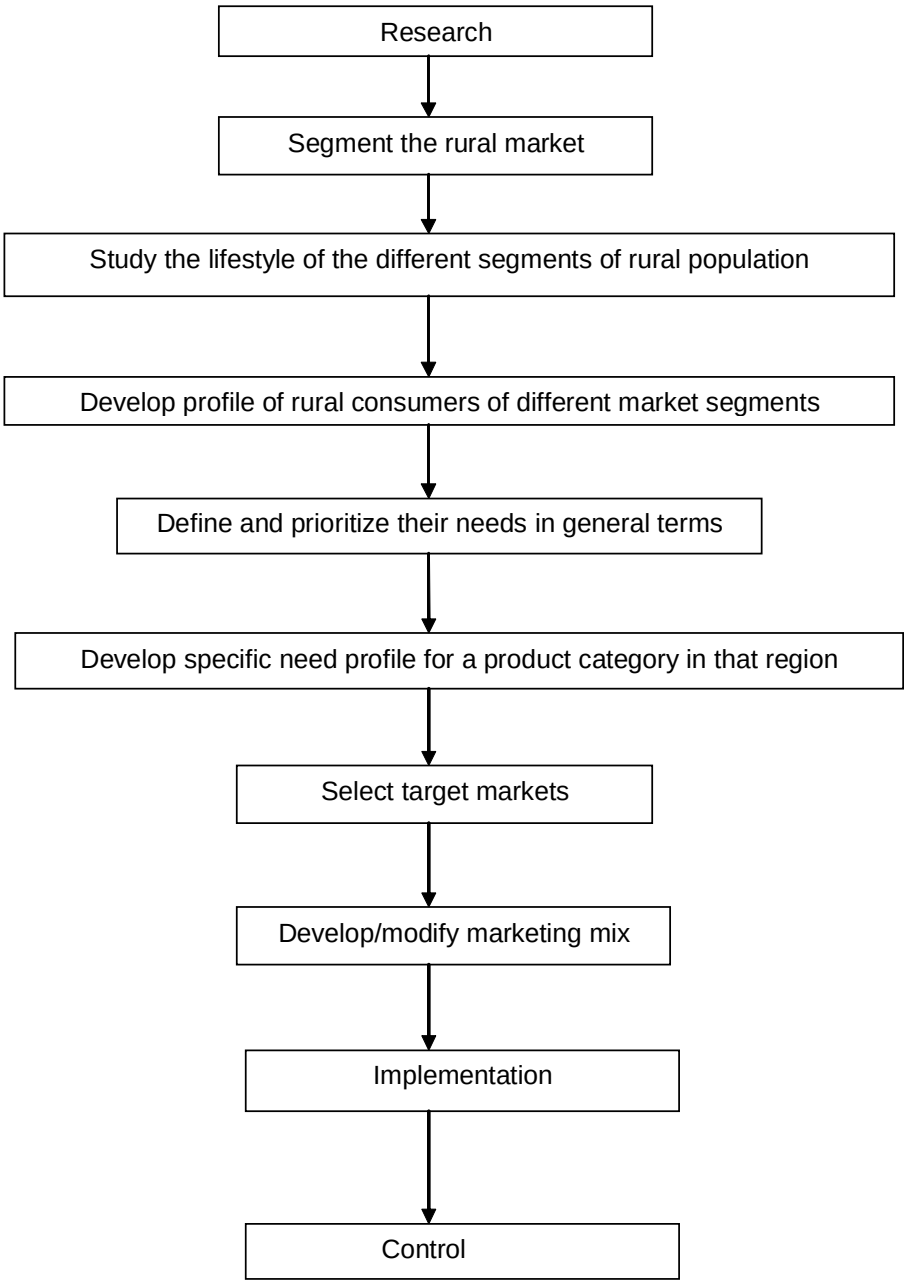
(iii) **Phase III (post-liberalization period of the 20th century):** In this phase, rural marketing represented the emerging, distinct activity of attracting and serving rural markets to fulfil the needs and wants of rural households, people and their occupations.

(iv) **Phase IV (21st century):** In this phase, the corporate world realized that to tap the real potential of the rural market, it needs to make a long-term commitment with this market. Its approach and strategies must not focus on just selling products and services, but they should also aim at creating an environment for this to happen. This approach has been demonstrated successfully by HUL's *Project Shakti*, ITC's *e-choupal*, AMARON Batteries' *Amaragaon campaign*, etc.

As a result of the above analysis, we are in a position to define rural marketing "Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization".

7.3.3 Rural Marketing Model

The Rural Marketing Model (Fig. 5.1) describes a step-by-step process of execution of a rural marketing effort. This model has certain nuances, which need to be understood to attain success in the rural market.



Source: Dogra & Ghuman (2012)

Fig. 7.1 Rural Marketing Model

The different steps for implementation of the rural marketing model are described below:

(i) Segmentation : A key factor for the rural market is that it is a distinct and unique markets. Each of these markets has rural consumers with quite different lifestyles, socio-cultural, economic and demographic backgrounds. Therefore, the first step for implementing any rural marketing effort is to segment the rural market on the basis of select parameters that influence the demand for certain product categories.

(ii) Life style Analysis : An organization planning to serve the rural market has to develop an understanding of the lifestyle of the consumers in different rural market segments. Lifestyle analysis is important because it broadly defines and prioritises the consumer needs in a market segment. In some cases, it may not be the buying capacity but the lifestyle of the consumers that influences the demand for a given product.

(iii) Profiling of Rural Consumer : The lifestyle analysis enables a business organization to develop a generic profile of the consumers in a rural market segment. This profile should be considered while designing or modifying the marketing mix for that market. Here the regional and local organizations are in an advantageous position as they are fully aware of the consumers' profile in a rural market segment, and they can design an appropriate marketing mix to make a mark in that segment.

(iv) Need Profile : Analysis of the generic profile of the consumers of a rural area or market segment helps business organizations identify the needs of those consumers in general terms. A marketer can then translate these broadly defined needs in more specific terms, from the perspective of different product categories.

(v) Selection of Target Market : After undertaking the above steps, a business organization can judge whether it could serve

the needs of a particular market segment effectively and efficiently with its present or modifies marketing mix. Once the organization finds compatibility between the consumer needs and its marketing mix in a rural market segment, then that segment can be identified and selected as its target market.

(vi) Designing/Modifying Marketing Mix : An organization needs to consider modifications in different elements of its marketing mix to serve highly heterogeneous rural market in India. Organizations may vary the promotional campaigns or packaging across different territories to adapt to variations in tastes and preferences of consumers.

(vii) Implementation : Implementation is a major problem in rural marketing. Serving such a huge, widely scattered and highly heterogeneous territory could be a huge task for any organization. Rural marketing plans cannot be implemented with an urban mindset. Therefore, an organization needs to make a comprehensive effort and ruralize its strategy in a real sense to make significant inroads in the rural market. To have a meaningful success in the rural market an organization has to be as passionate in implementation as it is in planning.

(viii) Control : The rural picture is undergoing transformation at a faster speed. Organizations striving to achieve success in the rural market need to constantly research the developments in rural territories.

7.4 NATURE AND CHARACTERISTICS OF THE RURAL MARKET

The rural market characteristics, which not only make it different from the urban market but also justify its study as a distinct discipline, are discussed below:

(i) Large and Scattered Market : India's rural market is large and scattered in the sense that it consists of nearly 75 crore rural consumers who live in approximately 6, 38, 365 villages spread over

32 lakh square kilometer area. Nearly 1, 45,098 villages, or 23% of the total number of villages in India, have population less than 200; and another 21% have population between 200 and 500.

(ii) Heterogeneous market : The rural market is not a homogeneous one. More than 20,000 ethnic groups are present in rural India, and this poses a formidable challenge to the marketer. There are approximately 24 languages and 1,642 dialects, and the dialect varies every 100 km or so, making it extremely difficult to develop a uniform promotional message.

(iii) Income from Agriculture : Nearly 55% of rural income comes from the agriculture sector, hence rural prosperity depends to a great extent on agricultural prosperity. However, the recent past has witnessed a gradual reduction in the sole dependence on agriculture, as other sectors have started playing significant role in the rural economy.

(iv) Standard of Living : Over 70% of the rural population is employed in small-scale agricultural and related occupations. This dependence on agriculture and natural factors has led to an acute seasonality and high chance element in income receipts in rural areas.

This unreliability factor in case of rural income makes the rural consumers extremely conscious in their purchase behavior as they are not confident about their future earnings.

(v) Infrastructural Facilities : The infrastructural facilities like roads, warehouses, communication system, and financial facilities are insufficient in rural areas. Infrastructure or its inadequacy is the single most important factor that distinguishes urban and rural markets. Promotion and physical distribution thus become very difficult in the rural terrain because of inadequate infrastructural facilities.

7.4.1 Oportunities of the Rural Market

Recent years have seen rural markets emerging as an important growth engine in the India consumption story. With 70 per cent of India's population living in more than 6 lakh villages spread over 32 lakh square kilometres, they present a significant market

opportunity. In fact despite rising urbanization, 63% of India's population will continue to live in the rural areas even in 2025. Further, the number of consumers earning over $5 a day is projected to catapult to 150 million by 2020.

The business environment in rural market is improving, thanks to better infrastructure and the growing number of consumers who are earning more and buying products and services that support their aspirations. The confidence of these forces is driving the rural market. For many businesses, in today's volatile business environment,India's rural markets hold the key to future growth. Companies that recognize this enormous opportunity are stepping up efforts to gain a strong foothold in these markets.

There are quite a few reasons for the growing interest in rural markets. Their vast untapped potential, increasing income and purchasing power, improved accessibility and the increasing competition in urban markets make rural markets an attractive destination for organizations.

(i) Untapped Potential

The Indian rural market, with its vast size and demand base, offers ample opportunities to companies. The size of the rural economy in 2012-13 has been estimated at Rs 16 trillion (NSSO data). As mentioned rural India accounts for 70 percent of India's population, 48 percent of national income, 56 percent of the total expenditure and one-third of total savings. More than 800 million people live in villages equaling 12% of the globe's population. Since most companies are since in the early stages of rural market development, therefore it is still unexplored to a great extent and thereby offers plethora of opportunities to marketers. Nearly 42 percent of rural households owned a television in 2009-2010, up from 26 percent five years earlier. Similarly, 14 percent of rural households had a two-wheeler in 2009-2010, twice the penetration during 2004-2005. To have some idea of the potential of the rural market, we can consider the following facts:

- Marico's rural contribution has moved from 25% to 33% over the past few years.
- As per Nielson estimates by 2025, the rural FMCG sale is estimated to cross $100 billion from the current $12 billion.
- Rural FMCG market accounts for 40 percent of the overall FMCG market in India, in revenue terms.
- Dabur generates over 40-45 percent of its domestic revenue from rural sales.
- LIC sells 50% of its policies in rural India.

(ii) Rising Rural Prosperity

Rural India accounts for about 50 percent of India's GDP. Per capita rural GDP has also experienced strong improvement over the last few years. Since 2000, it has grown faster than per capita urban GDP. Between 2009 and 2012, spending in rural India reached US$69 billion, significantly higher than the US$55 billion spent by urban populations. As incomes rise, rural consumption shifts from necessities to discretionary goods and lifestyle products.

As a result of the growing affluence, fueled by good monsoon and the increase in agricultural output, rural India has a large consuming class with 41% of India's middle class and 58% of total disposable income.

With increase in per capita income due to use of superior quality of seeds and fertilizers and also due to the fact that there are a lot of rural schemes introduced by the government of India for the rural population the standard of living has improved.

The income of a large proportion of the population that resides in rural areas but which drives down to urban areas, also acts as a multiplier when one aggregates the income in the two markets. According to NCAER, the percentage of very poor families in rural India (having an annual income of Rs.16,000 or less) had fallen from 61.4% in 194-95 to just less than 25% in 2006-07.

(III) Less Reliance on Agriculture and Monsoon

Agriculture now contributes 18% of India's economy from as high as 50% in the 1950s. A third of more than 900,000 farming households in the country depend on agriculture only for supplementary income, amounting to less than half of their monthly expenses, according to a survey released by the statistics ministry in December.

There was a time when market predictions were made on the basis of the state of the monsoon but this trend has changed over the years. There is a significant non-farming sector, which generates almost 45 percent of the rural wealth. Corporate India has also come a long way to live with the uncertainty of monsoon.

(iv) Increasing Rural Consumption

Nowhere is this phenomenon more evident than in India. From 2009 to 2012, spending by India's 800+ million rural residents reached $69 billion, some 25% more than their urban counterparts spent over the same period. And projected growth rates are simply astounding: According to recent Nielsen estimates, consumption in rural areas is growing at 1.5 times the rate in urban areas, and today's $12 billion consumer goods market in rural India is expected to hit $100 billion by 2025.It is the surge in rural consumption that that has made the rural market so attractive to the corporate. Without the surge in rural consumption, their sales in the rural market would not have been materialized. Not only has rural consumption grown substantially in recent years, but has also outplaced the urban consumption. In the two years between 2009-10 and 2011-12, spending on goods and services by rural India at Rs.3.75 lakh crore was much higher than the urban spending (Rs.2.99 lakh crore). In growth rate of spending too, rural India was ahead of urban. The growth rate in the two-year period was 19 percent for rural India while it was 17 percent for urban India.

As per the data from the CSO, the monthly per capita rural consumption rose 18 percent in real terms in 2011-12 to Rs.707.24

from Rs.599 in 2009-10 (at 2004-05 prices). According to Nielson more than 80 percent of FMCG products are growing faster in rural market than in urban.

(v) Large Population

Out of the total of 1210.2 million population in India, the size of rural population is 833.1 million (or 68.84% of the total population) and urban population 377.1 million (or 31.16%). During 2001-2011 the population of the country increased by 181.4 million. During 2001-2011 the growth of rural population has been 12.18%.

(vi) Rural Marketing Efforts

Many corporations are recognizing this enormous opportunity and stepping up efforts to gain a strong foothold in India's rural markets. But they are meeting with mixed results. An undeveloped transportation infrastructure, unreliable telecommunications and electricity services, inadequate distribution networks, and widely dispersed consumers make it costly to establish a profitable presence at scale. And finding partners to help identify, sell to, and service rural customers is no simple matter either. The growing number of companies is realizing the importance of the rural markets. To tap the rural markets, the marketing efforts of these organizations are becoming more aggressive day by day. Companies are coming up with innovative models to make the products reach the rural consumers. The increased penetration is one of the major reasons for the development of the rural market.

India's rural markets present opportunities that companies seeking to become high-performance businesses cannot afford to ignore. But the size and scale of those markets have been offset by concerns about the profitability of these markets and the durability of rural demand.

7.4.2 Challenges of the Rural Market

The growth opportunities in India's rural markets are significant. To capitalize on them, however, businesses must

overcome significant sales and distribution barriers. There are vast differences between rural and urban markets, including infrastructure, business and social structure, market size and consumer behavior. According to D.K.Bose, Vice President, O & M Rural, rural markets remain untapped because of three Ds – "Distance, Diversity and Dispersion". Today, when companies are seriously considering of putting in efforts to tap the rural market, the challenges experienced by them can be classified into three major categories – reaching, acquiring and retaining rural customers.

(i) Reaching Rural Customers

Rural markets are geographically dispersed and lack adequate physical and social infrastructure. As a result, the distribution of goods and services to and from villages is extremely difficult and costly. Even today, when it comes to going rural, "high cost-to-serve the rural markets" is the number one challenge.

The deficits in rural market infrastructure and lack of established supply chain networks adversely affect the service as well as the cost aspect. One of the greatest challenges for rural marketers lies in reaching out to the remotest destinations and having a number of vendors at the retailing end.

(ii) Acquiring Rural Customers

Today's rural consumers are better connected and more aware of products and services than many businesses realize. To acquire these consumers, businesses need to develop compelling value propositions.

As rural consumers become more demanding, companies should meet those requirements with better products and skilled sales people. The challenge these sales professionals face is to understand rural customers' needs know how to appeal to their aspirations and motivations. However, finding qualified sales staff is a major hurdle in rural markets.

(iii) Retaining Rural Customers

With increasing rural competition and high costs to-serve, customer retention is emerging as a major challenge. High customer acquisition costs make it imperative for companies to increase customer retention in order to scale operations profitably. To boost retention, companies must provide satisfying experiences across the customer lifecycle and generate positive word of mouth. However, providing reliable and consistent after-sales service and optimizing the costs of a high-quality experience remain major obstacles. The wide geographic dispersion of a small number of customers drives high sales-service costs, and many businesses cannot provide a dedicated after-sales service network.

Also, rural markets have limited data on consumer demographics, behaviors, preferences and perceptions, and these limitations thwart rational sales planning. Moreover, poor connectivity prevents companies from easily acquiring real-time and reliable sales data. That makes it difficult for them to monitor and measure key performance indicators including the number customers lost or gained.

Though the rural market offers a big attraction to the marketers, it is not easy to enter the market and take a sizeable share in a short time. Some of the other barriers in exploring rural markets are as follows:

- Low literacy levels of the rural population
- Traditional lifestyle
- Backwardness of the rural masses
- Variation in languages and dialects
- Seasonality of demand
- Banking and credit problems

Therefore, it can be easily understood that challenges in rural markets are huge and many. Companies need to design a right marketing mix to crack open the potential of the rural market.

7.5 CHARACTERISTICS OF RURAL CONSUMER

Although it is an important task to profile the rural consumer, it is nest to impossible to sketch a single profile that can represent the whole market perfectly. As there exists a great deal of heterogeneity in the rural market, there is less likelihood of a clear definition of Indian rural consumer. The characteristics of the rural consumer differ from not only region to region but within the region itself.

The characteristics of the rural consumer can be studied on the basis of the following parameters:

(i) Traditional Outlook : The rural consumers appreciate old traditions, customs and practices. They exhibit resistance to change. Rural consumers possess a set of attitudes, which influence their purchases; and these are different from their urban counterparts.

(ii) Conscious of Value for Money : The rural consumer is very conscious of getting value for money. He is not ready to pay extra for something which he cannot use. He displays logic in his purchase and hence has a very high involvement in any product purchased, especially when he decides to buy high end products, which involves a few hundreds or thousands of rupees.

(iii) Realistic Aspirations : A rural consumer is someone who is very realistic in his aspirations. He can go an extra mile and stretch the budget but he would prefer to do it within limits only. He is ready to pay more if additional tangible benefits are found.

(iv) Concept of Quality : The rural consumer's concept of quality has to do with products that are long lasting, useful and have low-cost maintenance.

(v) Perception and its Influence : The rural consumer understands symbols, colours, sizes and shapes better, and looks for endorsement by local leaders or icons. For example, the colour yellow indicates prosperity in the rural south, while in the north, yellow is indicative of sickness and disease.

(vi) Suspects Hype and Fear of being Cheated : The rural consumer

suspects hype and is afraid of being cheated or fooled by the marketing gimmicks in future. Respect is very vital for them, and they do not want the entire village to laugh at them.

Therefore, marketers need to have comprehensive knowledge with regard to the characteristics of the rural consumers, as it will help them to develop effective marketing strategies to tap the rural market.

7.6 FACTORS AFFECTING CONSUMERS DURING PURCHASE OF A PRODUCT IN RURAL MARKETS

About 70 percent of India's population lives in rural areas and Consumers in this huge segment have displayed vast differences in their purchase decisions and the product use. Villagers react differently to different products, colours, sizes, etc. in different parts of India. Therefore, it is important to study the thought process that goes into making a purchase decision.

Consumer behavior is complex and dynamic and influenced by various factors. The factors influencing a rural consumer's purchase decision can be enumerated as following:

(i) **Socio-cultural Factors :** Social customs, traditions and beliefs exert the broadest and deepest influence on consumer behavior. These are the most basic elements that shape a person's wants and behaviour. In India, there are so many different cultures, which only gives rise to a variety of goods and services which are culture specific. Rural consumers being conservative in their outlook, take a longer time to be influenced. They tend to discuss the issue of purchase with other villagers considered to be important and knowledgeable.

(ii) **Family :** The family is the most important consumer buying organization in society, and family members constitute the most influential primary reference group. Family size and the roles played by family members exercise considerable influence on the purchase decisions. Industry observers are increasingly realizing that at times, purchase of durables has less to do with income, but has more to do with the size of the family & that's where rural India with joint family structures, becomes

an attractive proposition.

(iii) **Group :** Consumers are part of a group to which they belong. In group, there exist opinion leaders, who by their sheer competence or acceptability have a direct influence on others. It is very important for the companies to ensure the acceptability of n idea or by the group and by the opinion leaders is critical in rural areas.

(iv) **Role and Status :** We each participate in many groups-family, clubs, organizations-and these are often an important source of information and help to define norms for behavior. We can define a person's position in each group in terms of role and status. A role consists of the activities a person is expected to perform. Each role in turn connotes a status. A Headmaster enjoys a higher status in a village, people trust him and his advice and opinion is given respect during purchase and other decisions.

(v) **Economic Factors :** Both product and brand choice are greatly affected by economic circumstances like spendable income (level, stability, and pattern over time), savings and assets, debts, borrowing power, and attitudes toward spending and saving. Many people in the rural market are below the poverty line and for large number of people, agriculture is the primary occupation. More than 70% of the people are in small-scale agricultural occupation. These factors affect the purchase decision.

(vi) **Sociability :** In the rural areas, individuals are well known to each other compared to their urban counterparts. The desire to be accepted by the group makes them agreeable to group and consensus decision making.

(vii) **Political Factors :** The philosophy and decisions of the party in power and the thinking of the opposition greatly influence the lives of rural people. The focus of any political party and the government on the development of the rural population directly and indirectly, influences the people residing there.

(viii) **Factors which Influence the Final Choice :** There are certain other factors that also influence the overall decision. The factors that are

important enough to be able to change a decision that is previously thought-over, are as follows:

- Attitude of others
- Advice of the retailer
- Experience at the retail outlet
- Demonstration of products
- Sudden change in situational factors
- Mind change



CHECK YOUR PROGRESS

Q 1: State two characteristics of rural market.

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Q 2: State two characteristics of rural consumer.

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7.7 ADVERTISING STRATEGY OF RURAL MARKETS

We have discussed earlier the constraints in the rural market in communication infrastructure and in facilities for promotion as well as access to media. To put it in graphic terms, about 40 percent of the population is illiterate while 50 percent of the population lives in media dark areas. The challenge is to overcome the constraints and communicate effectively the desired message to the rural consumers, . More importantly, the challenge is to engage with and understand the rural consumers, and their shopping and consumption behaviour. For this, the marketers have to develop communication that would connect with the consumers.

7.7.1 Selecting the Media Mix/Promotion Mix

The rural communicator will do well to choose a combination of formal and non-formal media. The possibilities are indicated in Chart 7.1.

Chart 7.1 Possible Media Mix in the Rural Context

I. Formal/Organized Media	II. Non-formal/Rural-specific Media
TV	Audio-visual/publicity vans
Cinema	Rural specific art forms like puppet shows and Harikaths
Radio	Demonstrations
Print-media – press	Meetings, announcements, processions
Other print media	Caparisoned elephants and decorated bullock carts
Outdoor	carrying advertisement panels
POPs	Music records

TV

With the expansion in TV coverage, ownership of TV sets, cable and satellite connections and community TV viewing facility in rural areas, TV is gradually becoming the major medium for rural communication. The reach of television programmes is now quite high.

Radio

The radio is a well-established medium in rural areas. A big expansion in broadcasting facilities has taken place in the country over the years. The availability of radio sets has also expanded. While radio as a medium cannot match TV in potency and effectiveness, it can certainly play a significant role in rural communication.

Cinema

The cinema is a particularly useful medium in the rural context. Cinema is relatively a more available medium in rural areas. Most large and medium villages have one or more cinema houses, though most of them are temporary constructions. More than one-third of all rural people do see cinema regularly. Advertisement films, short feature films with disguised advertisement messages and documentaries that combine education and promotion are all useful

communication vehicles that can work through the medium of cinema.

Print media

Print media too has responsible scope. While compared to the urban, the role of print media is limited in the rural context, its scope cannot be belittled. Even the remotest rural parts have groups of newspaper readers. Moreover, while the groups may be numerically small, the members usually happen to be the opinion leaders, influencing the purchasing behavior of a large segment of the rural consumers.

Outdoors

The outdoors, which includes hoardings, wall paintings, illumination and other displays, also lend well for rural communication. In fact, many companies are using them imaginatively in their rural communication. Wall paintings score particularly high in potency. They will be particularly effective at *haats, mandis ad mela*.

PoPs

The PoPs – point of purchase (or point of sale) promotion tools – are also quite useful in the rural markets. The PoPs meant for the rural market should be specifically designed to suit the rural context and requirements. Symbols, pictures and colours must be used liberally. As a general rule, rural people love bright colours. The rural communicator must utilize such cues.

Audio-Visual Units/Publicity-Vans

The AV unit or the publicity van is a very useful facility iin rural communication. The van is a comprehensive mobile promotion station at the exclusive command of the concerned firm. The firm can exhibit its films and other audio-visual presentations, such as slide shows, sound and sight presentations, puppet shows, etc., from this instant promotion station. In short, the van can be used for carrying and delivering a tailor-made, total communication programme to the rural target audience.

Puppet Shows, *Harikathas*

Popular entertainment programmes like puppet-shows, dance, dramas, and Harikathas, specially developed for product-promotion purpose, are commonly used in rural markets. These traditional art forms readily lend for communication with the rural society. Village fairs, festivals and melas are ideal venues for projecting these programmes. In certain cases, public meetings too may be used for rural promotion.

Media selection is not the only aspect that calls for special care in rural communication. The communication as a whole needs unique handling. There is need for specialization in developing and delivering the message. A prototype of a communication that works well in the urban context may not work in the rural context.

Many rural consumers feel in habited and ill equipped to confidently buy. Hence, there is a strong need to build reassurance and trust about product benefits, quality, service support and company credentials in the minds of rural consumers. While the mass media may serve the purpose of achieving awareness and interest, for creating conviction, the marketer must have 'face to face', interactive, communication with consumer. Physical demonstration too must form part of the communication to rural consumers.

7.7.2 Promotion Strategies in the Rural Market

Customized promotional media and messages need to be developed by the organizations to effectively target the rural market. The traditional media like radio, TV and newspaper, although reach the rural audience directly or indirectly, are not sufficient. The following strategies can be considered while developing promotional campaigns for the rural markets.

(i) Think Global Act Local : Rural population is diverse, but the commonalities of their ethos and simple living habits need to

be understood for advertising to succeed. For that, the theme of an advertisement needs to revolve around universal themes, such as family-love. But the context, story line, language ad idioms should be such that the rural audience of different rural market segments can relate to.

(ii) Think in Local Idiom : There is need of advertising professionals who can think like the rural people. Then only we can have insights like '*Thanda matlab Coca-Cola*'.

(iii) Simplicity and Clarity : All promotional messages targeted at rural audiences need to be simple and clear, which can be easily understood, and they should not include any confusing elements. It is preferable that it has only a few propositions at one time. Bombarding rural consumers with too much, in less time can easily confuse them and leave them bewildered. Promotional messages should highlight only the functional values of the product and explain how those values can make the consumer's life even better and solve any of his problems.

(iv) Narrative Story Style : The promotional message can be delivered in the form of an entertaining story with a message depicting how the brand delivers "larger good" to the family and society. The theme of the story line can be about how the product can solve the problems of rural consumers.

(v) Choice of Brand Ambassadors : Brand ambassadors for rural markets need to be picked carefully as urban successes might not get replicated in the rural markets. That is why actor Govinda in the Mirinda ad boosted the sales of the drink in the rural markets. An organization might spend a lot of money in hiring a brand ambassador only to find out later that it had little impact on the rural consumer.

All the elements of the marketing mix influence each other. They make up the business plan for a company. If handled right, they can give a great success. But if implemented incorrectly, then the business could take years to recover.



7.8 LET US SUM UP

In this unit we have discussed the scenerio of Indian rural market. India's Rural Market for consumer products and services is growing at an accelerated pace. An urban marketer interested to tap these marketing opportunities in rural India needs to develop a deeper understanding of the rural marketing ecology. Further, a marketer requires better insights on the logic of organizing marketing efforts in rural areas considering these rural specificities. Also, rural market is changing very fast and is very much different from the urban one. The marketer with an urban mindset and the image of rural India as it used to exist would be in for a surprise when he makes a serious attempt to understand the evolution of rural areas as the market of the future with all the indicators showing an upward sign.

As the space is not for too many players, those who target and tap this market first in a systematic manner and build a relationship with the consumer and the trade will be benefited.



7.9 FURTHER READING

1) Krishnamoorty R.(2008),*Introduction to Rural Marketing* Himalaya Publishing House.

2) Dogra B. and Ghuman K. (2012) *Rural marketing: Concepts and Practices*, McGraw Hill, 2012.

3) Mohamed (Dr.) N. S*., Rural Marketing in India: Opportunities, Challenges and Strategies*, www.alliancebschool.com.

4) Kashyap P. and Raut S.,(2005) *The Rural Marketing Book* Biztantra Publications.

7.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) Large and scattered market.

(ii) Heterogeneous market.

Ans to Q No 2: (i) Traditional outlook.

(ii) Conscious of value of money.



7.11 MODEL QUESTIONS

Q 1: Discuss the evolution of rural marketing over a period of time.

Q 2: Illustrate the different steps of the rural marketing model.

Q 3: Give an overview of the Indian rural market.

Q 4: Discuss the various opportunities and challenges in the rural market.

Q 5: How does the heterogeneity of the Indian rural market affect the marketing mix strategies?



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UNIT 8: ETHICS IN ADVERTISING

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Advertising Ethics

8.4 Advertising Standards Council of India

8.5 Social and Legal Factors in Advertising

8.6 Advertising in India

8.7 Let us Sum Up

8.8 Further Reading

8.9 Answers to Check Your Progress

8.10 Model Questions

8.1 LEARNING OBJECTIVES

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

- discuss the laws and acts concerning advertising
- explain the importance of ethics in advertising
- outline the Social and Legal factors associated with advertising
- discuss the advertising process in India.

8.2 INTRODUCTION

The term “ethics” has been derived from the Greek word “ethos” which means custom, habit or character. According to the Church of Scientology,” Ethics may be defined as the actions an individual takes on himself to ensure his continued survival across the dynamics. It is a personal thing. When one is ethical, it is something he does himself by his own choice.” Ethics is a choice between right or wrong. Ethics is also called the moral philosophy. The world of advertising has its own set of stories about the good and the bad, truth and dishonesty. This unit focuses on truth and deception in advertising and on the ethical dilemmas of those who produce advertising. In this unit we will discuss in details the ethical issues involved in advertising.

The advertising industry has grown very rapidly in the last decades of the previous century. The same trend has continued in the current century also. In India from a mere 14 agencies in 1940, the number of accredited agencies increased to 695 in 1997.

Like any other proffession, the advertising field is also governed by the laws and enactment governing the mass media. There are, however, certain laws and specific legislative enactments that are directed specifically at the industry which helps in determining framework under which the advertising industry has to function in a regulated manner. However, there are differences between legal and ethical aspects. Legal aspects are clearly defined and interpretations are left to judicial experts.

In case of ethical issues, in the absence of ethical codes, it becomes difficult to judge which one is right or which one is wrong.

8.3 ADVERTISING ETHICS

Many ads with explicit scenes and double meaning words make it an embarrassment for families to sit and watch the TV together. It is a fact that advertising agencies tend to go overboard, when it comes to selling a product. For parents and teachers, the greatest worry pertains as to how children will perceive and incorporate the meaning of these ads in their young minds. Advertisers should ensure that their ads are not offensive or violating the laws.

Advertising ethics is a system of moral principles applied to the commercial advertising world. An ethical approach is necessary for the success as well as for creating a brand image of the product. A consumer oriented advertisement should be truthful and ethical. It should not mislead the consumers.

Some of the ethical objections which arise in the field of advertising are discussed below:

- **Consumer's Deficit:** Advertising is many times blamed for creating demand for products which are normally not required**.** It is argued that people with less purchasing power cannot afford the advertised product, which creates frustration in their mind.

- **Birth to social evils:** Advertisement gives birth to social evils. They appeal people to buy such articles which are injurious to their health. For example- cigarette, wine, potato chips etc. Unwholesome demands are created for these products by advertising heavily. There may be some ban on advertisement of some of these products directly,but the marketers have found out legal ways of indirectly promoting their products.
- **Moral degrading:** Nowadays, advertisements contain excessive use of outraging sentiments, exciting emotions, nude poses of beautiful girls etc., which affect badly the younger generation. Vulgarity and exaggeration have become quite a common place in many of the advertisements.

  In order to control unethical advertising, advertiser should obey the following things:

  1. The advertisers should not make any false statement in their advertisement.
  2. Goods should be advertised in such a way that they do not call forth complaints.
  3. The claim for a product in advertising must be modest.
  4. The advertiser should know that products sold on the basis of false advertisements are short lived only.

  So, combining all we can say that, ethics is a set of moral principles that guide actions and create a sense of responsible behavior. It is about being able to analyse ethical questions and dilemmas in professional decision making in terms of the concepts of right and wrong to determine one's obligation and responsibility to do the right thing.

  John Burnett, William Wells and Sandra Moriarty in **"Advertising Principles and Practice"** have raised six key issues related to advertising, which are discussed as follows:

- **Poor taste and offensive advertising:** Claiming that a product can do something that it cannot is a clear-cut case of deception. Saying that a package is one and one-half times bigger than another (if it is!)

is a clear-cut case of telling the truth. But in the real world of advertising, the issues are seldom so clearly demarcated. Again, some advertisements may not be appropriate for all age groups. For example, one advertisement may not bother an adult when alone but would make that person uncomfortable if children were watching. Also questionable ads become offensive in the wrong context. Advertisers and media outlets must try to be sensitive to such objections.

- **Sex in advertising:** Unnecessary exposure to sex, particularly if sex is not relevant to the product is unethical. In some advertisement in India, it is seen that the advertiser tries to attract customers by showing women in the ad, where there is little use of that product by woman. For example, in many of the man's deodorant and motorbikes advertisement such kind of visuals are displayed.
- **Reinforcing stereotype:** A stereotype is a representation of a cultural group that emphasizes a trait or group of traits that may or may not communicate an accurate representation of the group. Advertisers have the responsibility to ensure that what is portrayed is accurate and representative. They should not wrongly stereotype any character in the advertisement.
- **Body image and self image:** Advertising has been criticized for glorifying glamorous looks in both man and woman. For example, some advertisers show in their advertisements that, by using their fairness cream how a girl having dark complexion becomes fairer within weeks. Or sometimes the advertisers show some very beautiful model and claim that they have become such beautiful by using their company products. Some critics charge that because of persuasive communication of marketers, some women place their health at risk in order to cultivate an unrealistic or even unhealthy physical appearance. Responsible advertisers have therefore begun using models of more normal size and weight as a way to reduce the pressure on young people who seem to be the most open to the message about cultural standards of beauty and physical attractiveness.

- **Targeting children:** Is it ethical to advertise for children? Some people think not, but advertisers continue to do so. The central question here is whether children should be treated like other consumers, or whether they deserve special treatment or should not be advertised to at all. Advertising for children continues to be one of the most controversial topics in the industry.
- **Misleading claims and other message strategies:** Advertising claims are considered to be unethical if they are false, misleading or deceptive. The large grey area that exists between truth and deception contains ads that people often consider misleading. The ads are misleading because they depart from literal truth and fact. For example, if an ad for Brand X soap claims "You can't buy a better deodorant soap than Brand X," how are consumers to understand this? If asked to paraphrase the meaning of such a claim, how many of them will say that it means *Brand X is the best*? What if the company made the claim on the basis of its studies that every deodorant soap has about the same germ-killing abilities as all the others? Are those who draw the inference that Brand X is the best being misled because of an inference they made? Where does responsibility lie for how an ad gets interpreted—with the advertiser or with the consumer?

While discussing the issues as mentioned above we should not develop an opinion that all advertisements are unethical, misleading, vulgar and exaggerated. Aberrations are there. Exceptions are also there.



ACTIVITY 1

Randomly select a few copies of some Newspapers and magazines. Then you select some advertisements published in those media vehicles. This also can be done randomly. Analyse these advertisements and develop your opinion whether advertisements are unethical, misleading, vulgar and exaggerated. Also comment on the informative and persuasive aspects of advertising communication.



CHECK YOUR PROGRESS

Q 1: What is ethics in advertising?

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Q 3: State two ethical issues associated with advertising.

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Q 3: Explain what is moral degrading advertisement?

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8.4 ADVERTISING STANDARDS COUNCIL OF INDIA

To ensure a fair play among the parties in the advertising industry, the Advertsing Standards Council of India was established. It was set up in the year 1985 to control the content of advertisements.

Major Goal of ASCI

ASCI have one major goal that is to maintain and enhance the public's confidence in advertising. ASCI seek to ensure that ad- vertisements conform to its Code for Self-Regulation which re- quires advertisements to be:

- Truthful and honest to consumers competitors.
- Within the bound of generally accepted standards of public decency and propriety.
- Not used indiscriminately for the promotion of products, haz- ardous or harmful to society or to individuals particularly mi- nors, to a degree unacceptable to society at large.
- Fair in competition.

ASCI publicize its code and sense of responsibility for its obser- vance amongst advertisers, advertising agencies and others con- nected with the creation of advertisements, and the media.

ASCI encourage the public to complaint against advertisement with which they may be unhappy for any reason by an impartial committee knows

as **Consumer Complaints Council (CCC)**.

8.5 SOCIAL AND LEGAL FACTORS IN ADVERTISING

Advertising has played a major role in consumer marketing, and has enabled companies to meet communication and other marketing objectives. Typically, advertising is used to inform, persuade, and remind consumers. It importantly reinforces their attitudes and perceptions. While doing so, the advertisers should guide themselves ethically and legally. But on many occasions the advertisers are not doing so. Advertising has been a target of criticism for decades. It is crticised for causing economic waste to surveying of harmful products, from sexism to manipulation, from triviality to moral pollution etc.

Advertising needs to work within the legal framework and certain rules have been laid to protect the consumer interest. The legal implications on advertising are largely dealt in the law of consumer protection. Consumer Protection Act 1986 outlines the major responsibilities of marketers towards society to protect the interest of consumers. It attempts at convenient, inexpensive,effective and faster approaches to solve consumer problems including the damage caused by misleading and false advertisement.

The advertising industry needs to be guided by codes. Besides, the general code for commercial advertisement, there should be codes of standards to the advertising of medicines, standardize practice for advertising agencies and code of ethics for food and trade industry.

Advertising is considered unethical when it degrades rival's product or substitute product, gives misguiding information, gives false information, conceals information that vitally affects human life (e.g., side effects of drugs), makes exaggerated claims, is obscene or immoral or is against broad national interest. While comparative advertising may be considered legal and its widespread use may have granted acceptance, the debate on whether or not it is ethical, still continues. However, all agree to one aspect that while considering the question of unethical practices, the focus must be to safeguard the interest of buyers and the society.

The positive side of advertising is that it makes the target consumers and benificiaries aware that a product or service is available. New and improved products are developed all the time and the society is informed of the developments through advertisements.. The advertisements might will inform this in a variety of ways like :

i. better than the competitor's product
ii. cheaper than the competitor's product
iii. easier to use than the competitor's product
iv. has more prestige value than any similar product
v. lasts longer than the competitor's product
vi. it is made of superior parts or ingredients
vii. it is wholly organic
viii. it is stronger, faster acting, larger, shorter etc,and so forth.

It depends on what messages are given and how credible the messages are. Despite the criticism, it may be commented that advertisements keep the society up-to-date on the improvement of existing products and the creation of new ones. Unfortunately, many advertisements, despite rigorous guidelines, rules, laws and consumer magazines and organisations, tell us a product or service is good only to find out after purchase that it is not good at all. And sometimes we get mad because we feel we have been taken for a ride. And this is definitely not good. Because of these views only, the age old debate that advertisements are not doing any good to the society is still on.

8.6 ADVERTISING IN INDIA

So far as India is concerned, advertising is a fast growing business and is gaining importance more and more. Advertising plays an important role in planning the quantity, quality, variety, size and shape of production as well as to move the same from the producer to consumer by advising the prospect to purchase the best out of the variety of products offered in selection. In India, in order to attract the rural consumers , the advertiser prefers to give more pictorial form of advertisement than scripts. Broadcast advertisements are also more popular. In India, certain ethics must be

followed while creating ads. Legal actions are called for against advertisements that:

- ridicule caste, race, nationality, colour and creed.
- go against any provision of the Indian Constitution.
- incite people towards criminal activity, provocative, cause disorder and/or violence in the country.
- breach laws and/or glorify obscenity or violence in any form.
- glorify terrorism, communal massacres, criminality and so on.
- ridicule the father of the nation, the national emblem, part of Constitution or the image of a national leader or a state dignitary.
- depict women in a deprecating manner. Females should not be portrayed in a manner that is obscene, exploitative or vulgar.
- display distasteful visual content that goes beyond the established norms of good taste and decency.

Here are some more ethics and standards to be followed in advertisements:

1. Permission should not be granted where objects are completely or largely religious or political in nature. Advertisements cannot be directed towards any religious or political end, or to gain mileage of any form.
2. Any goods or services that are advertised should not have any defect or deficiencies of any form declared in the Consumer Protection Act 1986.
3. Products should not be portrayed in a way that misleads the public to infer that the item has some special, miraculous or a supernatural quality, which is anyways difficult to prove.
4. Picture and the audible matter of the advertisement video should not be excessively 'loud'.
5. Advertisement should not endanger the safety of children or produce any sort of perversion or interest that prompts them to adopt or imitate unhealthy practices.
6. Any type of offensive, indecent, suggestive, vulgar, repulsive themes and/or treatment must be avoided under all circumstances.

Good creative advertisements will always attract people's attention, but they should have meaningful visual content. One shouldn't have an attitude to play with people's sentiments and emotions.

If you ever wondered why some ads or television commercials simply disappeared or changed, well, it's because some enterprising soul complained. Here is a small list of some of the ads which can be categorized under the headings of 1) unsubstantiated ads, 2) ads which lie, 3) ads which mislead 4) ads which offend the sensibilities of people and 5) ads which can be dangerous.

(1) Unsubstantiated claims (Claims need to be substantiated by trials from independent and recognized institutions)

- The Dettol Soap TV commercial (TVC) had said that their product "eliminates the organisms [of cough and cold] ten times faster than other soaps" and that it also eliminates "organisms that cause gastrointestinal diseases". Neither of these claims could be substantiated by the company and they were forced to modify their ad.

(2) The VLCC Shape Up Anti-Cellulite Oil and Gel made the unsubstantiated claim that "It reduces flab and firms skin. Beautiful arms and legs in just 14 days." By the time the ASCI (Advertising Standards Council of India)demanded that the ad be withdrawn, the ad campaign had already concluded.

(3) Deliberately confusing and misleading

- Alapatt Jewellers which was advertising its 16 Gold & Certified Diamonds in a print ad, stated that "916 purity should be there not only in the advertisement but also in the gold ornament". This was considered to be vague and confusing and the advertiser had to withdraw this line. Their other claims that "without hall marking there is no purity and will not get good price when exchanged" was considered misleading as 916 hallmarked gold is sold by almost all jewellers! And in any case, the exchange price is at the discretion of the jeweller and also depends on the market price.(Source: Google.co.in).

(4) Ads offending the sensibilities of people

- The Sisley Fall Winter Collection promotional e-mailer was found to be offensive by some. The headline said: – "You'll melt once inside" and this was accompanied by a picture of a woman in a seductive pose. This, a complainant said, it was nothing but pornography. The advertiser had to withdraw this mailer.
- the AXE deodorant (Dark Temptation) TVC which showed a man covered with chocolate being licked and bitten by girls. This ad had to be modified. Several complaints were received against this commercial.

(5) Dangerous ads

- Godrej's television commercial showed a person happily inhaling the fumes of Good Knight Maha Jumbo Mosquito Coil! This ad was considered harmful for public health as these fumes contain insecticide. This TVC was withdrawn.
- There were some TV commercials which came under fire for showing dangerous driving, with warnings too, fine to be noticed by consumers. One was for Thums Up, one for Kentucky Fried Chicken and one for Bajaj Pulsar. All these TVC's had to be modified by the advertisers.



CHECK YOUR PROGRESS

Q 4: Which Act of 1986 spells out the major responsibilities to protect the interest of consumers?

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Q 5: What is an unsubstantiated claim?

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ACTIVITY 2

Collect two advertisements in which you think that either facts are presented in a distorted manner or the copy is misleading. Give your explanation.

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Case1: Case on Fair and Lovely:

Fair & Lovely, the largest selling skin whitening cream in the world, was first launched in India in 1975.Fair & Lovely held a commanding 50-70% share of the skin whitening market in India in 2006. One TV commercial aired in India "showed a young, dark-skinned girl's father lamenting he had no son to provide for him, as his daughter's salary was not high enough – the suggestion being that she could not get a better job or get married because of her dark skin. The girl then uses the cream [Fair & Lovely], becomes fairer, and gets a better-paid job as an air hostess and makes her father happy".



8.7 LET US SUM UP

In this unit we have discuss the following:

- Ethics in advertising, as in other aspects of social life, is a complex issue. What one person considers ethical, another may consider unethical. Every day advertising professionals must make complex decisions about what can and ought to be said in advertisements. Clients want to make the strongest claims possible for their brands, but the border between the possible and the unethical must be constantly negotiated.

- In this unit, we discussed the ethics and social responsibility of an organization. When the advertisers do not keep their promise, then it is called as unethical. Then we discussed ethical issues in various marketing communication instruments like advertising, sales promotions, etc. The main ethical issues in advertising are puffery, bad taste, stereotyping, targeting children, promoting unhealthy products and subliminal advertising. Puffery refers to making exaggerated claims about the product, which cannot be proved. Advertisements are said to be in bad taste when they offend people. Stereotyping refers to portraying men or women in a particular role, with a negative image. Advertisements targeted at children are considered unethical as children are not capable of processing the given information. Consumption of unhealthy products like fast food and tobacco products lead to bad health. So promoting such products is not good. In subliminal advertising, the viewer is exposed to product messages and pictures in such a way that he is not aware of watching them.
- Ethical issues may also be discussed in areas like sales promotion, advertising research, advertorials and infomercials etc. Issues like misleading claims, exaggeration etc are relevant in these areas also. We went into some regulations and advertising codes applicable to the advertising industry. The self-regulation and regulatory bodies operating in India were also discussed.
- Finally, we discussed the economic effects of advertising on consumer choice, competition and product cost & prices are also discussed in light of the points raised. Advertising influences people to buy heavily advertised products and pay more, as advertising costs are often passed on to the customers.



8.8 FURTHER READING

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

8.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Advertising ethics is a system of moral principles applied to the commercial advertising world. A consumer oriented advertisement should not mislead the consumers.

Ans to Q No 2: Poor taste and offensive advertising and sex related messages in advertising.

Ans to Q No 3: Advertisement which contains excessive use of outraging sentiments, exciting emotions, nude poses of beautiful girls etc., affects badly the younger generation.

Ans to Q No 4: Consumer Protection Act 1986

Ans to Q No 5: Claims which are not substantiated by trials from independent and recognized institutions.



8.10 MODEL QUESTIONS

Q 1: What is advertising ethics? Give one example of unethical advertisement which you have noticed in any media.

Q 2: Discuss the important issues related to advertising ethics.

Q 3: State a few ethical standards which need to be followed in India.

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UNIT 9: SALES PROMOTION

UNIT STRUCTURE

9.1 Learning Objectives

9.2 Introduction

9.3 Meaning and Importance of Sales Promotion

- 9.3.1 Components of Promotion Mix
- 9.3.2 Defining Sales Promotion

9.4 Difference between Sales Promotion and Advertising

9.5 Tools and Techniques of Consumer Sales Promotion

9.6 Dealer Sales Promotions/ Trade Promotions

9.7 Organising Sales Promotion Campaign

9.8 Let Us Sum Up

9.9 Further Reading

9.10 Answers To Check Your Progress

9.11 Model Questions

9.1 LEARNING OBJECTIVES

After reading this unit, you will be able to –

- define promotion mix
- define Sales Promotion
- describe Tools and Techniques of Consumer Sales Promotion
- explain Trade Promotions
- explain Sales Promotion Campaign.

9.2 INTRODUCTION

In the earlier units, we have discussed briefly about different promotional mixes. In this unit, we will be discussing about one of the important components of promotion, that is sales promotion.Sales promotions are incentives to consumers or trade that are designed to stimulate purchase. The promotions typically last for a set period of time and are used to achieve a specific purpose, such as increasing market share or unveiling a new product.

It can be of different forms. Different sales promotional tools are- coupons, contests, premiums, sweepstakes, refund, demonstration or display. Some classic examples are 25% off, buy one get one free, money back offer etc. Companies use sales promotion tools to draw a stronger and quicker buyer response. Sales promotion can be used for short run effects such as to dramatize product offers and boost sales. In contrast to advertising and personal selling, which are generally used on a continuous or cyclical basis, sales promotion devices get more irregular use. Generally, the promotional activities are for short duration.

9.3 MEANING AND IMPORTANCE OF SALES PROMOTION

Promotion is one of the major components of marketing mix. The purpose of promotion is to reach the desired consumers and persuade them to act positively towards the specific product or services. A company may have a well-designed product offering with a price and distribution system appropriate to its target market. But if it is unable to reach that market, then all its efforts will have been in vain. Promotion is responsible for awakening and stimulating consumer demand for the product. Basically, promotional mix is the use of different advertising and communication channels in a coordinated way to run an effective marketing campaign. These coordinated campaigns are part of an effective integrated marketing communications plan. The most important factor in determining the optimal mix is identifying the target market. Once a company knows its target market, it can then research its use of various media outlets in order to come up with the best combination of marketing materials to reach the defined target.

9.3.1 Components of Promotion Mix

Businesses use various promotional methods to communicate with individuals, groups and organizations. Just as product, price, distribution, and promotion make up the marketing mix, so four components make up the promotion mix. The promotion

mix is the specific combination of these four promotional methods-advertising, personal selling, sales promotion, and publicity- that an organization uses for a specific product. The word promotion is also used specifically to refer to a particular activity that is intended to promote the business, product or service.



Fig 9.1: Different components of Promotion Mix

9.3.2 Defining Sales Promotion

Sales promotion consists of different activities used to sell products. They are activities that give consumers a short-term incentive to make a purchase.Many of us occasionally delay a purchase until the wanted item “goes on sale.” Sometimes we make an unplanned purchase because of a coupon. Perhaps our loyalty to some brands we use now began with a free sample. If any of these are true for you, then you took advantage of an extra incentive to buy broadly known as “sales promotion.”

Definition: Sales promotion is an activity or material that offers consumers, salespersons, or retailers a direct inducement for purchasing a product. Different sales promotional tools are-coupons, contests, premiums, sweepstakes, refund, demonstration or display. Some classic examples are 25% off, buy one get one free, money back offer etc.

Different types of sales promotion are discussed as follows:

Basically, sales promotion is of two types, one is consumer-oriented sales promotion and the other is business oriented sales promotion.

In consumer-oriented sales promotion, when any benefit is provides by the manufacturer to the customer, it is called as ***consumer promotion***. Again, when any benefit is provides by the retailer to the customer, it is called as ***retail promotion***.

There are three types of business-oriented sales promotion. ***Trade promotions*** are some benefits offered by manufacturers to wholesalers and retailers. ***Industrial promotions*** are benefits offered by and to raw materials suppliers' component parts manufacturers, and final producers or manufacturers. And ***business promotions*** are benefits offered by business product suppliers to any other business or organization.



Fig 9.2: Types of Sales Promotion

Advantages of sales promotion:

- Companies use sales promotion tools to draw a stronger and quicker buyer response.
- Sales promotion can be used for short run effects such as to dramatize product offers and boost sales.
- Excellent approach for short term price reductions for stimulating demand.
- A large variety of sales promotion tools to choose from.
- Can be effective for changing a variety of consumer behaviours.
- Can be easily tied in with other promotional tools.

Limitations of sales promotion:

- Sales promotion devices get more irregular use.
- They are used mainly for short term gains.
- May influence primarily brand-loyal customers to stock up at lower price but attract few new customers.
- May have only short term impact.
- Over use of price related sales promotion tools may hurt brand image and profits.
- Effective sales promotions are easily copied by competitors.

Objectives of sales promotion:

Sales promotion aims at enhancing sales by giving customers an extra value. Some of the objectives of sales promotion are:

- Fast sales boost.
- Encourage trial purchase
- Encourage repeat purchase
- Stimulate purchase of larger stocks
- Gain distribution and shelf space

9.4 DIFFERENCE BETWEEN SALES PROMOTION AND ADVERTISING

Sales promotion includes all those activities which promote sales such as distribution of samples, discount coupons, contests, display of goods, fairs and exhibitions, etc. Advertising, on the other hand, is any paid form of non- personal presentation and promotion of ideas, goods and services.

Permanent vs temporary strategy

Advertising is a permanent strategy that involves marketing and sales, whereas sales promotions have a limited time frame.

Different end goals

Advertising appeals to the wants and needs of a target audience, and seeks to persuade prospective customers that your company is worthy of their attention. The end goal with advertising isn't always to make a sale;

in some instances, it's to set the stage for a sale in the future by introducing prospects to your company's products and services. In contrast, sales promotions are strictly about moving products and services, and are designed solely to appeal to the financial consideration of a prospect.

Indirect vs direct appeal

Advertising can involve a number of indirect methods to create the desired effect in a target audience, whereas sales promotions are not subtle or meant to be hidden in any way. For example, a skateboard company that's involved in advertising might talk about the type of material used to make the board, the rotational capabilities of the board's wheels, and the different types of jumps that skaters can attempt with the board.

Advertising and Publicity

Advertising	Publicity
1. Paid form- paid by the sponsor	1. Non paid form.
2. Presentation is programmed.	2. Presentation is non programmed.
3. Marketers exercise control.	3. Marketers have less control.
4. Advertising is positive.	4. Publicity may be positive or negative.

Source: https://cdn.businessmanagementideas.com/wp-content/uploads/2016/11/image-61.png

9.5 TOOLS AND TECHNIQUES OF CONSUMER SALES PROMOTION

Sales promotion includes techniques like free samples, premium on sale, sales and dealer incentives, contests, fairs and exhibitions, public relations activities, etc. Sales promotions are those activities, other than advertising and personal selling that stimulate market demand for products. The basic purpose is to stimulate on the spot buying by prospective customers through short-term incentives. These incentives are essentially temporary and non-recurring in nature.

Some of the important ***consumer sales promotion*** techniques of sales promotion are as follows:

(1) **Rebate:** Under it in order to clear the excess stock, products are offered at some reduced price. For example, giving a rebate by a car manufacturer to the tune of 12,000/- for a limited period of time.

(2) **Discount:** Under this method, the customers are offered products on less than the listed price. For example, giving a discount of 30% on the sale of Liberty Shoes. Similarly giving a discount of 50% + 40% by the KOUTONS.

(3) **Refunds:** Under this method, some part of the price of an article is refunded to the customer on showing proof of purchase. For example, refunding an amount of 5/- on showing the empty packet of the product priced 110/-.

(4) **Product Combination:** Under this method, along with the main product some other product is offered to the customer as a gift. The following are some of the examples:

(5) **Quantity Gift:** Under this method, some extra quantity of the main product is passed on as a gift to the customers. For example, 25% extra toothpaste in a packet of 200 gm tooth paste. Similarly, a free gift of one RICH LOOK shirt on the purchase of two shirts.

(6) **Instant Draw and Assigned Gift:** Under this method, a customer is asked to scratch a card on the purchase of a product and the name of the product is inscribed thereupon which is immediately offered to the customer as a gift. For example, on buying a car when the card is scratched such gifts are offered – TV, Refrigerator, Computer, Mixer, Dinner Set, Wristwatch, T-shirt, Iron Press, etc.

(7) **Lucky Draw:** Under this method, the customers of a particular product are offered gifts on a fixed date and the winners are decided by the draw of lots.

(8) **Usable Benefits:** Under this method, coupons are distributed among the consumers on behalf of the producer. Coupon is a kind of certificate telling that the product mentioned therein can be obtained at special discount. It means that if a customer has a coupon of some product he will get the discount mentioned therein whenever he buys it.

(9) Full Finance @ 0%: Under this method, the product is sold and money received in installment at 0% rate of interest. The seller determines the number of installments in which the price of the product will be recovered from the customer. No interest is charged on these installments.

(10) Samples or Sampling: Under this method, the producer distributes free samples of his product among the consumers. Sales representatives distribute these samples from door-to-door.

(11) Contests: Some producers organise contests with a view to popularizing their products. Consumers taking part in the contest are asked to answer some very simple questions on a form and forward the same to the company. The blank form is made available to that consumer who buys the product first.Result is declared on the basis of all the forms received by a particular date. Attractive prizes are given to the winners of the contest.

(12) Free Trial: A free trial is a way for a consumer to try a new product while eliminating risk. It may be used when a product is unique to the marketplace, which can make consumers leery of trying it out.

The techniques of sales promotion used by business houses are discussed below:

1. Distribution of Samples: Many big businessmen distribute free samples of their products to the selected people in order to popularise their products. Distribution of samples is popular in case of books, drugs, cosmetics, perfumes and other similar products. As the distribution of samples is very costly, this system is confined to those products of small value which have often repeated sales.

2. Rebate or Price-Off Offer: In order to increase sale, many producers introduce price off offer to the customers. Under this, the product is offered at a price lower than the normal price. For example, during off season (winter), ceiling fans, coolers and refrigerators may be offered at 20 to 30% off price.

Rebate offer is given for a limited period only, for example, Coca cola offered 2 litre bottle at Rs. 35 only during winter 2009. Khadi Gram

Udyog offers rebates on Khadi cloth and readymades to coincide with the month of Gandhi Jayanti every year.

3. **Partial Refund:** A firm may use the strategy of refunding a part of the price paid by the customer on the production of some proof of purchase of its product. For instance, the buyer of two cakes of a branded soap may be refunded Rs. 5 on returning the empty packages to the dealer.
4. **Discount Coupons:** A discount coupon is a certificate that entitles its holder to a specified saving on the purchase of a specified product. Coupons may be issued by the manufacturers either directly by mail through sales-force or through the dealers. The coupons are also issued through newspapers and magazines. The holders of coupons can go to the retailers and get the product at a cheaper price.

   The retailers are reimbursed by the manufacturer for the value of coupon redeemed and also paid a small percentage to cover handling cost. But many retailers do not patronise this method because it involves financial and accounting problems for them.
5. **Packaged Premium:** Under this, the seller offers premium to the buyer by way of supplying a gift along with the product or inside the product package. Premium on sales helps the salesman to make effective presentation, stimulate sale in a particular area, lead to enlistment of new customers and have the way for introducing new brands in the market. Premiums are generally given in the case of customer convenience goods such as packed tea leaves, blades, tooth-pastes and toilet soaps.
6. **Container Premium:** Several firms use container premium to push the sale of their products. For instance, Taj Mahal tea leaves, Ariel detergent powder, Bournvita, Kissan jams, etc. are made available in special containers which could be reused in kitchens after the product has been consumed. The reusable containers for packaging often have special appeal to the consumers who don't have to pay anything extra for the product.
7. **Contests:** There may be consumers' contests, salesman's contests and dealers' contests. Contests for salesman and dealers are intended

for inducing them to devote greater efforts or for obtaining new sales idea in the task of sales promotion.

Contests for consumers may centre around writing a slogan on the product. Such slogan centres around the questions as to the liking of a customer for the product, or formulation of new advertising idea for the product. Such contests are held through radio, T.V., newspapers, magazines, etc.

8. **Public Relations:** Public relations activities strive for creating a good image of the enterprise in the eyes of the customers and the society. These activities are not aimed at immediate demand creation. It is very common that big business enterprises convey their greetings and thanks to the people through newspapers and other media.

9. **Free Gift:** The customer does not get any benefit at the time of purchase, rather he gets it through mail. For this he has to send the proof of purchase (e.g., cash memo and wrapper) to the manufacturer to claim the gift which might be a diary or book or any other item. The gift is sent by the manufacturer by mail or through courier.

11. **Exchange Offer:** It means exchange of an old product with the new one after payment of the exchange price fixed by the manufacturer. Such offers are very common these days in case of electric irons, TVs, refrigerators, scooters, gas stoves, washing machines, etc.

11. **Product Combination or Gift:** It refers to giving a free gift on purchase of a product. Generally, the free gift is related to the product but it is not necessary. For example, Mug free with Bournvita, Toothbrush free with Toothpaste, DVD free with TV, Vacuum cleaner free Fridge, etc.

12. **Instant Draws and Assured Gifts:** Some sectors offer instant draws and assured gifts to their customers when they make purchases. The scheme may be like – "Scratch a card (or burst a cracker) and instantly win a car, A.C., fridge, T.V., computer or electric iron on the purchase of a T.V."

13. **Full Finance @ 0%:** Manufacturers of durables like bikes, T.V., A.C., etc. offer easy financing schemes even at 0% rate of interest e.g., "Pay Rs. 11,000 in cash and Rs. 30,000 in 12 equal instalments of 2,500 each by post-dated cheques and get a bike on the spot." This

tool of promotion misleads the customers and so should be avoided by the marketers.



CHECK YOUR PROGRESS

Q 1: Define Sales Promotion.

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Q 2: State two advantages of Sales Promotion.

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9.6 DEALER SALES PROMOTIONS/ TRADE PROMOTIONS

While consumer sales promotions help pull a product through a marketing channel by increasing the consumer's demand for a product, trade sales promotions have the opposite effect. They work to push a product through the channel by increasing a retailer or other intermediary's demand. **Trade sales promotion** is a promotional incentive directed at retailers, wholesalers, or other business buyers to stimulate immediate sales.

Some of the important trade-oriented promotion tools are as follows:

1. **Cash bonuses:** It can be in the form of cash discounts or straight cash payments to encourage volume sales, product display, or in support of a price reduction to customers.
2. **Stock return:** Some firms take back partly or wholly the unsold stocks lying with the retailers, and distribute it to other dealers, where there is a demand for such stocks.
3. **Credit terms:** Special credit terms may provide to encourage bulk orders from retailers or dealers.
4. **Dealer conferences:** A firm may organize dealer conferences and dealers may be given information of the company's performance, future plans, and so on.

5. **Push incentives:** It is a special incentive given to the dealer in the form of cash or in kind to push and promote the sale of a product, especially a newly launched product.

9.7 ORGANISING SALES PROMOTION CAMPAIGN

The main stages which is involved in sales promotion planning are: 1. Establishment of objectives, 2. Selection of promotional tools, 3. Planning the sales-promotion programme, 4. Pre-testing, 5. Implementation and 6. Evaluation

As in the case of advertising, effective sales promotion involves an on-going process with a number of stages.

1. **Establishment of objectives:** Sales-promotion objectives vary according to the target market. If the target is the customer, objectives could include the encouragement of increased usage or the building of trial among non-users or other brand users. For intermediaries, objectives could be to encourage off-season sales or offsetting competitive promotions. Sales-promotion activity could also be aimed at internal personnel, making up part of the reward system.
2. **Selection of promotional tools:** Promotional objectives form the basis for selecting the most appropriate sales-promotion tools. The cost and effectiveness of each tool must be assessed with regard to achieving these objectives in respect of each target market. The tools available to the service marketer are described in more detail in the next section.
3. **Planning the sales-promotion programme:** The major decisions that need to be made when designing the sales-promotion programme relate to the timing of the promotion and how long this tool is to be used. Also important are the size of incentive, rules for eligibility and, of course, the overall budget for the promotion.
4. **Pre-testing:** This needs to be undertaken to ensure that potentially expensive problems are discovered before the full launch of a promotion. Testing in selected market segments can highlight problems

of ambiguity, response rates and give an indication of cost effectiveness.

5. **Implementation:** The programme for implementation must include two important time factors First, it must indicate the 'lead time'- the time necessary to bring the programme up to the point where the incentive is made available to the public. Second, the 'sell in time' which is the period of time from the date of release to when approximately 90-95 per cent, of incentive material has been received by potential customers.

6. **Evaluation:** The performance of the promotion needs to be assessed against the objectives set. If objectives are specific and quantifiable, measurement would seem to be easy. However, extraneous factors could account for the apparent success of many sales-promotion activities.

   For example, competitive actions or seasonal variations may have influenced customers' decision making. It can also be extremely difficult to separate out the effects of sales-promotion activity from other promotional activity-or indeed from other marketing-mix changes.

Evaluating sales promotion:

The evaluation of an effective sales promotion program is generally divided into three phases:

1. Pre-testing: Before a sales promotion is offered.
2. Monitoring and Follow Up: When the sales promotion is operational i.e. when it is going on.
3. Post-testing: At the end of the sales promotion event.

Pre-testing

We can pre-test what a sales promotion would be communicating and how it would communicate with the target group of customers. We would like to know whether the customer here is at risk of buying an unfamiliar brand. Using "Focus Groups" and "Consumer Panels", we can conduct a pre-test to analyze these factors.

At times, it is advisable to gather and assess the responses of resellers before launching a promotion program. The best way is to visit

certain retailers, dealers and wholesalers, discuss the program with them and ask for their valuable suggestions. This is of paramount importance when the reseller's support is very important in making the promotional campaign a success.

Concurrent testing

This phase of testing takes place during the promotion program i.e. when it is in progress. It allows the manager to make necessary changes to the program whenever and wherever requires. Sales data is used to carry out this kind of test; this data should be collected on a weekly or monthly basis. For e.g. the promotional tool used is a "Contest". In that case, the promotional response can be assessed on the basis of entries received and requires the manager can also extend the contest period. We can have another example here. If "Coupons" are being used, the response can be evaluated on the basis on number of coupons redeemed by customers.

Post-testing

Post-testing is conducted after the promotion program has come to an end. Here, customers are contacted telephonically, questionnaires are also mailed to them, and personal interviews are also conducted to evaluate any change in their attitude towards or awareness of the brand. Personal Interview is the most expensive method here. Mail is the least expensive one.

To assess the effect of sales, one must take into account the sales level prior to the promotion period and compare it with the sales level that exist at the end of the promotion period. It must also be compared with the sales figure of the period one month after the promotion has ended.



CHECK YOUR PROGRESS

Q 3: State two differences between Sales promotion and advertising.

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Q 4: What is Trade Promotion.

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9.8 LET US SUM UP

In this unit we have discussed different promotional strategies, which can be summarized as follows:

Sales promotions are incentives given to consumers to make them believe that they are getting more value for the money they are spending. It also encourages trial and repeat purchases.



9.9 FURTHER READING

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

https://www.businessmanagementideas.com/sales-promotion-2/sales-promotion-objectives-importance-techniques-examples-methods-types-and-tools/18225.

9.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Sales promotion is an activity or material that offers consumers, salespersons, or retailers a direct inducement for purchasing a product.

Ans to Q No 2: Advantages of Sales Promotion:

- Companies use sales promotion tools to draw a stronger and quicker buyer response.
- Sales promotion can be used for short run effects such as to dramatize product offers and boost sales.

Ans to Q No 3:

i) Advertising is a permanent strategy whereas Sales promotion is for a short time frame.

ii) The end goal of Sales promotion is to make a sale whereas the advertising has other goals like awareness generation, competition oriented etc.

Ans to Q No 3: Trade sales promotion is a promotional incentive directed at retailers, wholesalers, or other business buyers to stimulate immediate sales.



9.11 MODEL QUESTIONS

Q 1: Define Sales Promotion.

Q 2: Discuss the components of promotion mix.

Q 3: What is consumer oriented sales promotion and business oriented sales promotion.

Q 4: Discuss different tools and techniques of sales promotion for both consumer and business.

Q 5: Discuss how to organize a sales promotion campaign.

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UNIT 10 : SALES PROMOTION SCHEME

UNIT STRUCTURE

10.1 Learning Objectives

10.2 Introduction

10.3 Coupon

10.4 Rebate

10.5 Premiums

10.6 Contest and Sweeptake

10.7 Sampling

10.8 Let Us Sum Up

10.9 Further Reading

10.10 Answers to Check Your Progress

10.11 Model Questions

10.1 LEARNING OBJECTIVES

After going through this unit, you will able to-

- define coupon
- explain rebate as a sales promotion scheme
- explain premiums
- discuss the benefits of contest and sweeptake
- discuss sampling.

10.2 INTRODUCTION

In this unit we are going to discuss the different sales promotion schemes. The basic objective of these schemes is to promote sales. There are different schemes through which consumers are induced to generate revenue. Sales promotion schemes help personnel selling and advertisement more effective. In this unit we will discuss some of the sales promotion schemes.

10.3 COUPON

A coupon is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product. It is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product. Coupons offer instantly redeemable savings on certain products. That means that consumers get an instant reduction on the price at the point of purchase. They don't have to send anything to the manufacturer, they don't have to enter any type of contest. They walk away from the store with the satisfaction that they have saved money.

Coupon programs offer a host of benefits. They can:

- Increase the number of new customers – A customer may try a product just because they have a coupon for it and like it enough to continue to buy it.
- Help move a specific product
- Build brand awareness – A consumer sees the brand name on the coupon even when the coupon is not redeemed.
- Reward current customers – Customers are delighted when they receive the gift of savings from the manufacturer of a product that they buy regularly.
- Entice former customers to return
- Create the opportunity for the marketer to up-sell a more profitable product
- Provide the marketer with a highly measurable marketing program

Coupons, though, can have both advantages and disadvantages. The optimal scenario for marketers is that coupons create brand awareness without consumers using the coupon. In fact most coupons are never redeemed. This makes marketers happy as there is no reduction in revenue. A reduction of revenue, however, is just one of the disadvantages of a coupon program.



CHECK YOUR PROGRESS

Q 1: What is coupon?

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10.4 REBATE

A rebate is an amount paid, by way of reduction, return, or refund on what has already been paid or contributed. It one of the sales incentives promotion marketers use to supplement product sales.

Rebates are offered by either the retailer or the manufacturer of the chosen product. Large stores often work in conjunction with manufacturers, usually requiring two or even three separate rebates for each item. Manufacturer rebates are sometimes valid only at a single store. Rebate forms and special receipts are sometimes printed by the cash register at time of purchase on a separate receipt, or available online for download.

In some cases, the rebate is available immediately, in which case it is referred to as an *instant rebate*. Some rebate programs offer several payout options to consumers, including a paper check, a prepaid card that can be spent immediately without a trip to the bank or even *PayPal* payout.

Benefits of Rebate

- Rebates are arguably more effective selling tools than sales or instant discounts because with rebates consumers pay the full price for the product up front and associate the higher price product as one of greater quality.
- Rebates are more flexible and can be turned off and on more easily than a sale or instant discount which tends to lower the perceived value of a promoted product.
- The information given in the rebate form, such as name, address, method of payment, can be used for data mining studies of consumer behaviour.
- The information can be used as evidence of a pre-existing business relationship for marketing purposes, such as ‘do not call’ lists.

- Rebates offer retailers the benefit of giving customers a temporary discount on an item, to stimulate sales, while allowing it to maintain its current price point.
- Rebates allow companies to “price protect” certain product lines by being selective in which models or brands to be discounted.



CHECK YOUR PROGRESS

Q 2: State two benefits of rebate.

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10.5 PREMIUMS

Another form of consumer sales promotion is the premium. Premiums are prizes, gifts, or other special offers received when a consumer purchases a product. When a company presents a premium, the consumer pays full price for the good or service, as opposed to coupons that grant price reductions or to samples, instead of receiving the actually product.

One of the first loyalty marketing programs ever offered was a premium in which proof of purchase was redeemed for prizes or gifts. Some marketing experts believe that coupon over-use damages a brand ‘s image, while premiums can actually enhance it. The key is to match the right type of premium with the product and a predisposed buyer.

Though not as successful as coupons, premiums can be used to boost sales and remain a valuable consumer promotional tool.



CHECK YOUR PROGRESS

Q 3: Define premium.

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10.6 CONTEST AND SWEEPSTAKE

Consumers tend to like sales promotions because they get something for "free." The marketer, to get the attention of customer need to give a chance to receive something with a high value.

Marketers who want to use this type of sales promotion have two options to choose from:

- Contests
- Sweepstakes

Contests

Contests normally require the participant to perform some type of activity. The winner is selected based on who performs the best or provides the most correct answers. No purchase is required to enter a contest and a panel of judges determines the winner. Consumers can enter as many times as they wish, although it is permissible for firms to restrict customers to one entry per visit to the store.

Sweepstakes

There is another consumer sales promotion known as a sweepstake (also known by its inflected forms which are both single and plural: sweepstakes and sweeps). These have become associated with marketing promotions targeted toward both generating enthusiasm and providing incentive reactions among customers. A sweepstake entices consumers to submit free entries into drawings of chance (and not skill) that are tied to product or service awareness wherein the featured prizes are given away by sponsoring companies.

Sweepstakes frequently have eligibility limited by international, national, state, local, or other geographical factors.

Sweepstakes are often referred to by marketing promoters as second-chance sweepstakes when utilized in conjunction with the awarding of unclaimed prizes during instant-win promotions.

Marketers have a lot to gain from giving away valuable prizes to consumers. Contests and sweepstakes allow them to:

- Create a buzz about the product — With the rise of social media, word-of-mouth marketing can help make or break a product. Exciting events, such as contests and sweepstakes, encourage people to talk about the company and its products. It is a great, cost-effective way to extend your advertising reach.
- Draw traffic to their website or store — Some consumers may never have heard of your company before. So contests and sweepstakes offer these companies an opportunity to build brand awareness with such consumers.
- Build an e-mail list — Marketers usually give contestants a newsletter or mailing list opt-in option when they enter the contest or sweepstake. New names mean new potential customers in the long-run.
- Perform marketing research — Marketers can easily add a survey to a contest or sweepstakes entry form. The information gathered is just as valuable to them as the prize is to the consumer because it can help marketers better understand their target audience. This better understanding can lead to better marketing campaigns.
- Strengthen their relationship with their customers — People buy from people they like. Contests and sweepstakes allow consumers to interact with the company in a fun way and creates a positive image of the company and its products.

10.7 SAMPLING

A free sample or “freebie” is a portion of food or other product (for example, beauty products) given to consumers in shopping malls, supermarkets, retail stores, or other venues. Sometimes samples of non-perishable items are included in direct marketing mailings.

The purpose of a free sample is to acquaint the consumer with a new product. It is similar to the concept of a test drive, in that a customer is able to try out a product before purchasing it.

Any consumer product companies now offer free samples through their websites to encourage consumers to regularly use the products and to gather data for mailing lists of potentially interested customers.

Food courts, grocery stores etc, give out free samples to customers to persuade them to buy the product. The expansion of online marketing with regard to promotional giveaways has facilitated the rise of "Freebie sites" that seek to aggregate all promotional free sample offers in one place. These sites will often compile free product samples from all over the web and categorize them by type.

Some product sample offers may require consumers to complete a survey or refer a friend to qualify for the freebies. When all requirements are fulfilled, the product samples are shipped to the consumer.

Additionally, the advent of the social graph and the realization that consumers take more and more cues from each other's reviews, has opened up a new branch of sampling called social sampling.



CHECK YOUR PROGRESS

Q 4: Define contest.

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Q 5: Define sampling.

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10.8 LET US SUM UP

In this unit we have discussed the following aspects-

- A coupon is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product.
- A rebate is an amount paid, by way of reduction, return, or refund on what has already been paid or contributed.
- Premiums are prizes, gifts, or other special offers received when a consumer purchases a product.

- Contests normally require the participant to perform some type of activity. The winner is selected based on who performs the best or provides the most correct answers. No purchase is required to enter a contest and a panel of judges determines the winner.
- Another sales promotion known as a sweepstake have become associated with marketing promotions targeted toward both generating enthusiasm and providing incentive reactions among customers.



10.9 FURTHER READING

1) https://opentextbc.ca/businessopenstax/chapter/sales-promotion/
2) https://courses.lumenlearning.com/boundless-marketing/chapter/promotion-methods-in-trade-sales/



10.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: A coupon is a ticket or document that can be exchanged for a financial discount or rebate when purchasing a product.

Ans to Q No 3: a) Rebates are arguably more effective selling tools than sales or instant discounts because with rebates consumers pay the full price for the product up front and associate the higher price product as one of greater quality.

b) Rebates are more flexible and can be turned off and on more easily than a sale or instant discount which tends to lower the perceived value of a promoted product.

Ans to Q No 3: Premiums are prizes, gifts, or other special offers received when a consumer purchases a product.

Ans to Q No 4: Contests normally require the participant to perform some type of activity. The winner is selected based on who performs the best or provides the most correct answers. No purchase is required to enter a contest and a panel of judges determines the winner.

Ans to Q No 5: A free sample or "freebie" is a portion of food or other product given to consumers in shopping malls, supermarkets, retail stores, or other venues.



10.11 MODEL QUESTIONS

Q 1: Define coupon.

Q 2: What is premium?

Q 3: What is consumer contest?

Q 4: Define sampling.

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UNIT 11 : PERSONAL SELLING

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Concept of Selling

11.4 Personal Selling

- 11.4.1 Objectives of Personal Selling
- 11.4.2 Functions of Personal Selling
- 11.4.3 Advantages and Disadvantages of personal Selling

11.5 Selling Process

11.6 Types of Sales person

11.7 Let Us sum Up

11.8 Further Reading

11.9 Answers To Check Your Progress

11.10 Model Questions

11.1 LEARNING OBJECTIVES

After going through this unit, you will able to-

- explain the concept of Selling
- discuss Personal Selling
- describe the objectives and Functions of Personal Selling
- identify the advantages and disadvantages of Personal Selling
- discuss the Selling Process.

11.2 INTRODUCTION

Selling is a very important concept of marketing. Personal selling is one of the oldest forms of promotion. we have already got a fair idea about personal selling in BBA 5th semester. So, in this unit, we are going to discuss the concept of personal selling. The main aim of personal selling is to introduce a product or the company in the knowledge of the prospective buyers.

In this unit you we will discuss on the objectives, advantages and disadvantages of personal selling, functions of personal selling, and selling process.

11.3 CONCEPT OF SELLING

According to Australian Institute of sales and Marketing Executive's Journal, Selling, has been defined as "Persuading People to want, what we have to sell". The person who does this act, is called as the "Salesman", the result of this action as 'Sales', while these activities of the person, are supervised and controlled by "Sales-Management" .The quality of 'selling' is referred to as "Salesmanship".

Also we can say that selling is the art of convincing the consumer that buying the product or service will benefit him or her. Whatever product or service we're selling, we need to focus our selling efforts and tell about the benefits of our product or service to the consumer. The benefits may be different for different product, but unless the individual consumer is convinced he or she will not buy the product.

11.4 PERSONAL SELLING

Personal selling is a method in which salesperson uses his skills and techniques for making personal relationships with the customer. According to *American marketing Association*, "Personal Selling is an oral presentation in a conversation with one or more prospective purchaser for the purpose of making sales".

Personal selling involves personal contact, face-to-face meetings or via a telephone conversation, Internet including using video conferencing or text messaging (e.g., online chat).

Examples of Personal Selling are as follows:

1. **Retail selling:** Retail Selling means selling in a retail counter or a shop
2. **Field selling:** Field Selling means Selling of product by going outside in the market

3. **Telemarketing:** Use of the telephone as an interactive medium for promotion and sales is known as Telemarketing.
4. **Inside selling:** Selling of product without going out in the market is called inside selling.

11.4.1 Objectives of Personal Selling

1. **Product Awareness**: Building awareness using personal selling is most important. A common job of salespeople is to educate customers on product offerings and discuss about new product launch and making aware of them about the new technologies and benefits.
2. **Creates Interest:** Personal selling involves face to face communication and makes the customer feel and touch the product which result in building interest about for the product. It gives an experience of the product for the first time. Creating interest goes hand-in-hand with building product awareness as sales person can often accomplish both objectives during the first encounter with a potential customer. For example, Free test drive of a car.
3. **Provide Information**: In Personal selling large part of the conversation focuses on product information. Marketing organizations provide their sales staff with large amounts of sales training and technical support through product brochures, research reports, computer programs and many other forms of informational material which should be provided to a customer.
4. **Causing Demand:** Once customer is aware of the product, showing interest and has sufficient information then most important objective of personal selling is to convince customers to make a purchase.
5. **Reinforcing the Brand:** A strong relationship can only be built over time and requires regular communication with a customer. Personal selling is intended to build long-term

relationships with customers, Meeting with customers on a regular basis allows salespeople to repeatedly discuss their company's products and strengthen customers' knowledge of what the company has to offer.

6. **To increase the volume of Sales:** The objective of a sales person to increase the volume of sales through its customers.

11.4.2 Functions of Personal Selling

1. To Make Sales to both old and new customers.
2. Service to customers and remove doubts.
3. Keep Sales Record.
4. To give presentations.
5. Develop goodiwill of the company.
6. To achieve sales target.

11.4.3 Advantages and Disadvantages of Personal Selling

Advantages of Personal Selling

1. It's a two-way form of communication which helps customer to fully understand and clear doubts about the product or the services with the salesperson
2. Builds strong long-term relationship with customers.
3. Personal selling is the most effective promotional option for reaching customers who are not easily reached through other methods.
4. Personal selling helps in getting reference and building strong database.
5. Personal selling is more flexible.

Disadvantages of Personal Selling:

1. Personal selling is more expensive because cost of maintaining efficient sales force is high.
2. Customer may misunderstand a sales person by his behaviour and can face some bad experience with them.

3. Its not easy to recruit right kind of a salesman who has the ability and potential to sell a product or service.
4. Once a salesperson leaves the jobs then all the good relationship of customer with which has been built gets along with him.

11.5 SELLING PROCESS

1. Identifying Potential Customers:

Selling begins by finding potential customers. A potential customer or "prospect" is first identified as a sales lead. Salespeople may receive a list of sales leads based on inquiries through the company's website. However; Sales leads can come from many sources including:

1. Websites
2. Reference from previous customer
3. Newspapers, Internet, corporate press release
4. Cold call(contacting someone without pre-notification)
5. Corporate database
6. Personal and professional contacts.
7. Sales promotions and advertisement.



2. Approaching the Prospect:

This is the process of how to approach a customer. The salesperson needs some preparation before he meets the client, for example he may send an e-mail, make a telephone or post a letter. Make sure that you are on time.

- Before meeting with the client, set some objectives for the sales call
- To save time, send some information before visit.
- Keep a set of samples at hand, and make sure that they are in very good condition.
- Within the first minute or two, the purpose of the call should be stated so that time with the customer gets maximized
- The salesperson should demonstrate to the client that they are not wasting his or her time.

3. Preparation for the Sales Call:

Now the next task is to prepare for an ultimate sales call. Before sales call, salesperson has learn more about the Customer. More information about a prospect allows the salesperson to be more confident in his/her presentation and, consequently, come across as more knowledgeable when meeting with the prospect.

Salesperson will use their research skills to learn about such issues as:

- who is the key decision maker
- what is the customer's organizational structure
- what products are currently being purchased
- how are purchase decisions made

Salesperson can attempt to gather this information through several sources including:

1. Corporate research reports, information on the prospect's website,
2. Conversations with non-competitive salespeople, who have dealt with the prospect,

Gaining this information can help prepare the salesperson for the sales presentation that compares the seller's products against products being purchased by the prospect. Additionally, having more information about a prospect allows the salesperson to be more confident in his/her

presentation and, consequently, come across as more knowledgeable when meeting with the prospect.

Meeting is not just about the seller discussing the product, rather much more takes place during this part of the selling process including

- Establishing Rapport with the Prospect
- Gaining Background Information
- Listening and understanding Prospect responses
- Presenting the Product
- Assess the Prospect- to gauge the prospect's understanding and acceptance of what is discussed.

3. HANDLING OBJECTIONS

It is a rare instance when a salesperson does not receive objection from a prospect. By objection we are referring to a cause of concern prospect has regarding the product (or company) and how it will work for their situation.

To overcome objection, salespeople are trained to make sure that they clearly understand the prospect's concern. Salespeople are rarely able to make the sale unless objection is overcome.

Steps of handling objection

- Listen carefully to the objection (don't interrupt or anticipate).
- Ask permission to completely understand the issue.
- Ask questions, restate or clarify the objection.
- Choose the response carefully and keep it short.
- Propose the resolution to overcome the objection
- Ask whether the answer or proposed solution will satisfy the objection.

4. CLOSING THE SALE

After we have handled the objections that the customer presents, we must ask for their business.

Generally, the customer will have given us signals along the way. Sales people's job is to pick up on those signals and ask for their business. There are many techniques that can be employed in closing the sale, and we need to find the techniques that we can use comfortably. For salespeople's, understanding when it is time to close a sale what techniques

should be used takes experience. The close is not the end of the selling process but is the beginning of building a relationship.

5. FOLLOWING UP

Following up is the final activity in the selling process. It is maintaining relationship and beginning of the next sale cycle by repeat purchasing. Following up with a customer is important to build a long-term relationship. Salespeople should work hard to ensure that customer is satisfied with the purchase and find other ways by which the salesperson can help the customer be even more satisfied with the purchase.

11.6 TYPES OF SALES PERSONS

1. Order Takers

Order takers are repeat sales seeker who does not require more sales effort. They arrange displays, restock, and answers phone call. Order Takers can be classified as:

- Inside Order Takers: Who receives orders by mail/phone, sales person in a retail store.
- Field Order Takers: Who travel to customers place and close the order. Some sale person use laptop computers to improve tracking of inventory and orders etc.

2. Order Getters

Order getters sell to new customers and increase sales to present customers; sometimes they are called creative selling. Generate customer leads, provide information, and convince customers and close sales.

3. Support Personnel

Support personnel are those people who facilitate the selling function. They distribute information regarding new goods or services, describe attributes and leave materials, but do not close sales. They spend much time helping customers, especially retail stores, to promote the product. Restock the shelves, set up displays. Technical Salespersons offer technical assistance to current customers. Service Salespeople interacts with customers after sale is complete.

CHECK YOUR PROGRESS

Q 1: Define personal selling.

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Q 2: Write the functions of personal selling.

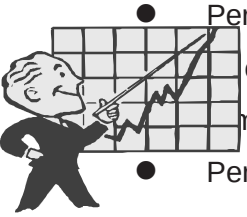
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11.7 LET US SUM UP

In this unit, we have discussed on the various aspects of personal selling and direct marketing.



- Personal selling involves personal contact between buyers and sellers. The contact may be face to face, over telephone, through mail etc.
- Personal selling is two way communication, which is very flexible, convincing and expensive.
- There are different types of sales persons like order taker, order setters & support personnel.



11.8 FURTHER READING

1) Kotler Philip, Marketing Management, Tenth Edition, Prentice Hall India Pvt Ltd.

2) Russell S. Winer, Marketing Management, Third Edition, Pearson Education.

11.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Personal selling is a conversation with one or more prospective buyer for the purpose of making sales.

Ans to Q No 2: (i) To make sales to both old and new customer.

(ii) Service to customers and remove doubts.

(iii) To achieve sales target.

Ans to Q No 3: "Direct marketing is an **interactive marketing** system that uses one or more advertising media to affect a **measurable response** and/or transaction at any location"

Ans to Q No 4: a) sub-field b) individual

c) internal list and external list d) goal/objectives.



11.10 MODEL QUESTIONS

Q 1: What is personal selling? Write advantages and disadvantages of personal selling.

Q 2: Explain the selling process.

Q 3: Explain different types of sales persons.

Q 4: What is meant by direct marketing? Explain

Q 5: What are the different channels or methods of direct marketing?

Q 6: What are the benefits of direct marketing? Explain.

Q 7: State the disadvantages of direct marketing.

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UNIT 12 : SALESMANSHIP

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 Concept of Salesmanship

12.4 Importance of Salesmanship

12.5 Buyer- Seller Relationship

12.6 Importance of Product Knowledge

12.7 Importance of Customer Knowledge

12.8 Let Us Sum Up

12.9 Further Reading

12.10 Answers to Check Your Progress

12.11 Model Questions

12.1 LEARNING OBJECTIVES

After going through this unit you will be able to

- define salesmanship
- discuss the importance of salesmanship
- describe buyer- seller relationship
- explain the importance of product and customer knowledge.

12.2 INTRODUCTION

In this unit we are going to discuss the salesmanship. In the earlier units we have discussed the sales promotion and the different sales promotion schemes. We have also discussed the personal selling. Salesmanship is important in personal selling. Personal selling along with advertisement results in effective salesmanship.

12.3 CONCEPT OF SALESMANSHIP

In personal selling, salesmanship is one of the required skill. It is seller-initiated effort that provides prospective buyers the required information

and motivates them to make favourable buying decisions for the goods and services of the seller. The salesman of today has to react and interact in any different ways to many different people.

The salesman must have proper knowledge of the product and must be a psychologist. Salespersons must adjust their personalities on every call. Salesmanship may be implemented not only through personal selling but through advertising. Thus, advertising has been described as "salesmanship in print."

Some definitions emphasize that salesmanship is the art of influencing or persuading people to do what sales representative wants them to do.

According to W.G Carter, "Salesmanship is in attempt to induce people to buy goods." According to the National Association of Marketing Teachers of America, "It is the ability to persuade people to buy goods or services at a profit to the seller and benefit to the buyer."



CHECK YOUR PROGRESS

Q 1: Define salesmanship.

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12.4 IMPORTANCE OF SALESMANSHIP

In modern business, salesmanship plays an important role. Salesman is the connecting link between sellers and the prospective buyers. The importance of salesmanship may be discussed as under-

- **Important to Producers:** Companies produce goods and services for sale. Therefore, salesmanship is important for the manufacturers. To face competition in the market, produces need the help of salesmanship. Successful salesmanshipresults in higher sales volume, higher profit and increase market share. Salesmen can provide important feedback to the producers and the company will produce according to buyers' taste and preferences.

- **Important to Consumers :** In most of the cases and specially in technical products, salesmanship is very important. The sales persons educate and guides the consumers and thereby help in their buying decisions. Salesman helps the consumers in making the right decision and proper selection of the products which they want to buy.

12.5 BUYER- SELLER RELATIONSHIP

In a business setting, buyers and sellers often interact with each other. The aim of such interaction is to build up the relationship between the seller and the buyer. This relationship will result in sale of product or service from the point of view of the salesman and the customer purchase the goods or avail the service. This interaction is referred as business dyads.

The seller combined with advertisement apply the push and pull strategy to sell the product or the service.

The marketers expect this relationship to be efficient and help in actual sale of the product and the service. However, it needs proper training of the sales person to make them efficient. It also need a proper market share to understand the market potentialities and challenges.

12.6 IMPORTANCE OF PRODUCT KNOWLEDGE

- **Knowledge about product's Features:** Possession of product knowledge by a salesman is very important. The salesman must have up-to-date information relating to the products. Possession of complete knowledge will help the salesman to explain the features of the product to the customers.
- **Technical Knowledge:** It is important for the salesman to possess the technical knowledge of the product. The salesman must be able to answer the customer satisfactorily. This will clear all doubts about the product that may have in the mind of the customer.
- **Build up Self-confidence:** Possession of complete knowledge about the product or service builds up self- confidence of the salesman. If the salesman can give all the details about the product to the buyer's

satisfaction, this results in converting the prospective customer into actual customer. This further build up the self- confidence of the salesman.

- **Understanding Competitors:** The salesman must understand the product and its competitors. The salesman must understandthe technicalities of the competitios' products, so that the salesman can present a comparative scenario to the prospective buyer.



CHECK YOUR PROGRESS

Q 2: State two points of importance of product knowledge.

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12.7 IMPORTANCE OF CUSTOMER KNOWLEDGE

A salesman must have customer knowledge. It is important to understand the customer completely in respect of needs, goals, wants, emotional reasons for buying etc. Without this knowledge, it would be impossible for a company to provide top class customer service.

Knowing the customer gives a competitive advantage to the company. The information of customer may be collected through market research. However, the market research need to be a carried out continuously because customer need, preferences, demands changes continuously.

The salesman can effectively use the customer information for analysing various aspects of the customer like, his demand, paying capacity, social status etc. All this information can be used not only by the salesman but by all the departments of the company.



12.8 LET US SUM UP

In this unit we have discussed the following aspects-

- In personal selling, salesmanship is one of the required skill.
- Salesmanship is seller-initiated effort.
- The salesman must have proper knowledge of the product and must be a psychologist.
- To face competition in the market, produces need the help of salesmanship.
- Successful salesmanshipresults in higher sales volume, higher profit and increase market share.
- The sales persons educate and guides the consumers and thereby help in their buying decisions.
- The aim of buyer and seller's interaction is to build up the relationship between the seller and the buyer.
- The salesman must have product knowledge.
- The salesman must acquire knowledge customer knowledge.



12.9 FURTHER READING

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

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

12.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: In personal selling, salesmanship is one of the required skill. It is seller-initiated effort that provides prospective buyers the required information and motivates them to make favourable buying decisions for the goods and services of the seller.

Ans to Q No 2: a) Build up Self-confidence

b) Understanding Competitors.



12.11 MODEL QUESTIONS

Q 1: Define salesmanship.

Q 2: State the importance of product knowledge.

Q 3: State the importance of customer knowledge.

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UNIT 13 : APPROACH AND PRESENTATION FOR SALE

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Importance of Customer

13.4 Methods of Approaching a Customer

13.5 Presentation Process

13.6 Let Us Sum Up

13.7 Further Reading

13.8 Answers to Check Your Progress

13.9 Model Questions

13.1 LEARNING OBJECTIVES

After going through this unit, you will able to-

- discuss the importance of customer
- discuss the different methods of approaching a customer
- explain the presentation process followed by salesman.

13.2 INTRODUCTION

In this unit we will discuss the importance of customer. There are different methods of approaching a prospective customer, which will be discussed in this unit. The process adopted by salesman for presenting a product or service will also be discussed in this unit.

13.3 IMPORTANCE OF CUSTOMER

Customer is the king in the modern business environment. It is the customer around which all the marketing activities revolves. For the business, it is very important to understand the customer. Understanding a customer help the company in identifying the need, preference, habits of the customer.

The detail analysis of the customer helps the company to manufacture the product according to the demand of the customer. Those companies which can satisfy the customer can only face the market competition. In this regard it is very important to apply the appropriate method of approaching a customer.

13.4 METHOD OF APPROACHING A CUSTOMER

In this section we will discuss the ways or method of approaching a customer -

- **Identify the potential customer:** Market research helps in identifying a potential customer. It gives information about the target customer. The customer can be analysed in terms of habits, preference, income etc. and an appropriate marketing strategy can be formulated for the customer.
- **Advertisement:** You are aware that advertisement helps in reaching the target customer. A carefully prepared advertising appeal will result in converting a prospective customer into actual customer. Different advertising media can be used
- **Display place:** Another way to approach customers is to use the display places.Meaningful promotional messages that can catch the attention of customers. Once the customer is influenced, the sales people can explain the details about the product.
- **Word of Mouth Promotion:** Word of mouth promotion is another approach to reach the customer. It is the strongest medium to create loyal customer. The loyal customer spread his/ her happiness to others. In this way there is manifold increase in the customer base. The customer advertises the product with no cost for the company. Therefore, it is important to satisfy and build relationship with the old customer.
- **Free Sample:** Distribution offree samples can be considered as an approach to target the customer. As a promotional activity, free samples can be distributed. The free sample will provide sufficient information

to the customer about the product of the company. The customer will test the sample and if satisfied it is very likely that he/ she will purchase the product. The revenue generated from such sales will set off the cost associated with the distribution of free samples.

- **Follow up:** Follow up action is necessary to win the customer. It is important for the company to know the customer's reaction to the product or the service. The feed back gives a very useful information to the company how to satisfy a customer and make him/ her the loyal customer.
- **Social responsibility:** A company must discharge its responsibility towards the society. The involvement with local community give a good name to the company. The customers will also be attracted by such activities of the company. This will build up a good reputation in the mind of the customers.



CHECK YOUR PROGRESS

Q 1: What is display place?

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Q 2: What is free sample?

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13.5 PRESENTATION PROCESS

- **Gather information:** The first task of the salesman is to gather information about the prospective customer. The information to be collected relates to the need of the customer, the problem that the customer is facing etc. At the same time, it is important to know who is the decision maker regarding the purchase, who are the influencers, income, age etc. of the prospective customer.
- **Identify the prospective customer' Need:** Need identification is the core for a successful sale transaction. The effective salesman must be able to ascertain the problems that the customer is facing and how

to help the customer in solving the problem. The sales person must be able to identify the need of the customer.

- **Preparing Sales Proposal:** After identifying the need of the customer, it is important to give a good proposal to the customer. The proposal must be able to address the customer's need.
- **Sale Confirmation:** At this stage, the salesman must build up relationship with the customer. The relationship must be based on trust, mutual cooperation and interest. It is important to satisfy the customer to ensure customer loyalty and a long lasting relationship.
- **Customer Satisfaction:** Closing a sale does not mean end of relationship. The sales people must have concern about after sales service. If the product need technical knowledge, the salesman must guide the customer after the sales transaction. In case of products that needs regular after sales service, it is important that the salesman track the records of the customer and assist him. This will lead to customer satisfaction.



13.6 LET US SUM UP

In this unit we have discussed the following aspects-

- Customer is the king in the modern business environment.
- Understanding a customer help the company in identifying the need, preference, habits of the customer.
- The different methods for approaching customer-
  - Identify the potential customer.
  - Advertisement.
  - Display place.
  - Word of Mouth Promotion.
  - Free Sample, etc.



13.7 FURTHER READING

1) https://2012books.lardbucket.org/books/powerful-selling/s10-01-it-s-a-process-seven-steps-to-.html.

2) http://www.yourarticlelibrary.com.

13.8 ANSWERS TO CHECK YOUR PROGRESS

Ans. to Q. No. 1: This is a way to approach customers by using the display places. It helps in providing promotional messages that can catch the attention of customers. Once the customer is influenced, the sales people can explain the details about the product.

Ans. to Q. No. 2: Distribution offree samples is an approach to target the customer. As a promotional activity, free samples can be distributed. The free sample will provide sufficient information to the customer about the product of the company. The customer will test the sample and if satisfied it is very likely that he/ she will purchase the product. The revenue generated from such sales will set off the cost associated with the distribution of free samples.



13.9 MODEL QUESTIONS

Q. 1: Discuss the importance of customer.

Q. 2: Discuss the different methods to approach the customer.

Q. 3: Discuss the presentation process generally followed by salesmen.

*** ***** ***



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2) Kashyap P. and Raut S., (2005) *The Rural Marketing Book* Biztantra Publications.
3) Krishnamoorty R.(2008),*Introduction to Rural Marketing* Himalaya Publishing House.
4) Kotler, Keller, Koshy and Jha (2008),*Marketing Management*, 13th Edition by Pearson Education, 2008.
5) Kotler Philip, Marketing Management, Tenth Edition, Prentice Hall India Pvt Ltd.
6) Mohamed (Dr.) N. S*., Rural Marketing in India: Opportunities, Challenges and Strategies*, www.alliancebschool.com.
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4) https://2012books.lardbucket.org/books/powerful-selling/s10-01-it-s-a-process-seven-steps-to-.html.
5) http://www.yourarticlelibrary.com.

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Learner's Feedback on Course

Dear Learner,

Regarding the course as mentioned above, we would like to know your opinions and comments so as to improve the quality of self learning materials in future. Please respond to the following statements by ticking the number you feel most reflect your opinion. After completion of the additional comments, please detach the page and send/mail the same to us at the address given below.

The Director, Centre for Internal Quality Assurance, KKHandiqui State Open University
Housefed Complex, Dispur, Guwahati- 781006
(E-mail id: ciqa@kkhsou.in)

1. Approximately how many hours did you spend for studying the units in the course? | | | |
2. Please give your opinions (by √ mark) to the following items based on your reading of the block:

Sl. No.	Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I.	The SLMs of the course fulfil the learning objectives set out in the beginning of each unit					
II.	The units of the SLM could satisfy my academic needs and expectations					
III.	The Unit writers have excellent knowledge about the course contents					
IV.	Language and contents of the units were presented at a level which I could readily understand					
V.	Ample opportunity for participation in the activities provided in the units					
VI.	Used enough Illustrations (Diagrams, tables etc.) for conceptual clarity					
VII.	Quality of content is engaging, relevant, and up-to-date					
VIII.	The self check questions are very helpful					
IX.	The Possible/model questions and the answers to check my progress have benefited me a lot					

Additional Comments: *(Please feel free to provide your open comments)*

1. Which aspects of the SLM, according to you, worked well?

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2. What sort of changes/improvements do you feel KKHSOU could implement to improve the overall quality of the SLM?

Thank you for taking the time to complete this form.

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