UNIT-13: ADVERTISING

UNIT STRUCTURE

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13.3 Functions of Advertising agencies
13.4 Advertising in India
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13.1 LEARNING OBJECTIVES

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

- know the concept of advertising
- Have an overview of the structure and function of advertising agencies
- Trace out the origin and growth of advertising in India.

13.2 INTRODUCTION

Advertising is a century-old practise that arose from a need to tell people about goods, services or events. The word “Advertising” is derived from the Latin word “Advertere”, which means to turn the mind something towards. It is a form of communication paid for by individuals or companies to influence people to think or act in a particular way or provide information. The main aim of most advertisements is to persuade to buy goods or services offered by the advertiser. This advertising industry now is a million-dollar industry where companies invest a huge amount of money for launching their product. Advertising is one of the marketing communication tools that companies use to achieve their defined objectives. The main purpose of advertising is to promote ideas about products and services. It is a major way of establishing communication between the manufacturer and the customer. It acts as a reminder to the existing consumers and attracts new

customers. Thus advertisements act as an effective communication vehicle with the target audiences. This chapter would highlight the history of advertising and its various functions. It would discuss the origin and growth of advertising in India.

13.3 FUNCTIONS OF ADVERTISING AGENCIES

Advertising agencies are deemed as the backbone of the Advertising Industry. The role of advertising agencies starts from the identification of the advertising needs of the product to the actual execution of the advertising project in various available media options relevant to the characteristics of the product. For instance, it may not be very useful to advertise for children books and comics in a business magazine or financial journal. Similarly, it won't be useful to advertise for Office products in Children comics or even lifestyle magazines. Thus advertising is an essential tool of communication. The advertising agency is defined as "a service organization that specializes in planning and executing advertising programs for its clients" (Belch and Michael, 1995). Advertising agencies may be purely local, or part of an extensive global company (holding company) such as Omnicom Group, WPP Group and Interpublic Group of Companies.

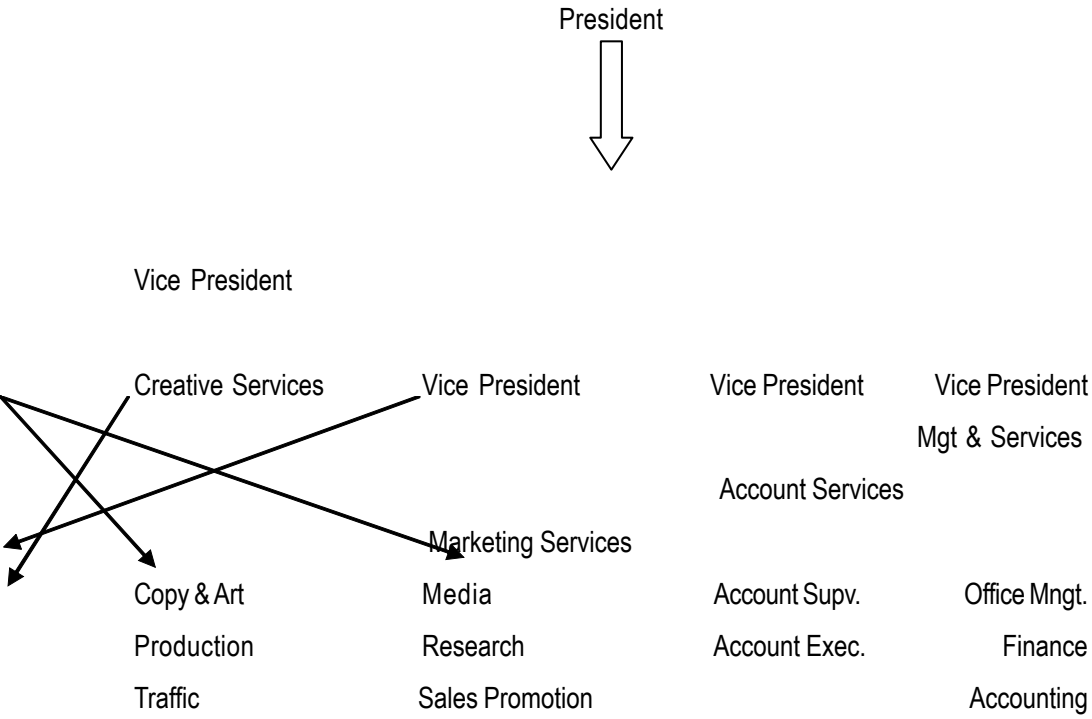
The origin and growth of advertising can be divided into five stages:

- Period of space agents,
- Period of space wholesalers,
- Period of creative services,
- Period of a complete package of services,
- Period of mega agencies.

Selecting the right type of advertising agency is a very difficult choice. The advertiser should make a list of all possible agencies that can serve his'her purpose and the agency best qualified to provide the required and effective services should be selected. Some advertisers may select more than one agency to handle separately its various product lines. Following are the factors that should be considered while selecting an advertising agency: Services Offered, Location, Advertising Compensation, Personnel, Size of the Agency Records and Reputation, Media Connections.

In order to understand the advertising agencies, it is important to know about their structure and functions.

Structure and Function of Advertising Agencies: The organization structure differs from agency to agency depending upon their specialized departments. Further, the structure may also differ depending on the size of the advertising agency. The following chart shows the organizational structure of a typical advertising agency which is diversified and handles most of the components of the advertising industry.



The functions of an advertising agency depend upon its organization structure. The functions of a typical advertising agency can be broadly classified into five areas:

- Creative Services,
- Account Services,
- Marketing Services,
- Management & Finance.
- **Creative Services:**

These services include copywriting, artwork and production of the finished advertisement. These components have been explained below.

- Copy: Most advertising people believe that copywriting is the most important aspect of advertising. In most agencies, the copy department is one of the largest departments. It usually plans and prepares advertising copy for all media, although some agencies maintain separate sections or departments for preparing TV, radio, outdoor and press ads.
- Art: The art department arranges for finished artwork, although in many cases, most of it is prepared by outside independent units. The main art function is to layout or arrange various elements so that the advertisement will attract the attention of the right audience. The copywriters and art directors work in close co-ordination and are responsible to Vice President - Creative Services.
- Production: After the copy has been written and the layout and illustration approved, the advertisement is turned over to the production department. The production department orders engraving of the illustration arranges to have the copy set in type and assembles them in the final ads. Before the advertisement is submitted to the print media, the department may offer proofs for approval of the client. In case of TV and Radio Commercials, the agency may on its own write the script and produce the entire commercial. In recent times, most agencies take the help of outside independent units to produce such commercials.
- Traffic: Traffic is a matter of scheduling. To keep the work flowing on schedule, there is a traffic officer. His/her major duty is to monitor the production of the finished advertisements so that it gets completed as per schedule.

- **Account Services:**

The account services section is headed by Vice President - Account Services. He/she is responsible for the overall agency-client relationship. To assist the Vice President, there are account supervisors. As the business grows, and more and more clients sign up, account executives are appointed to look after the account of one or more clients. The account executives perform the following work:

- Advertising Plan: The account executive studies the client's product and problems and formulates advertising plan and after the client's approval of the plan, he looks after the execution of the same. He/she should see to it that the plan is executed effectively and efficiently. The account supervisor coordinates the work of account executives and reports to the Vice President of Account Services.
- Budget preparation: The account executive may assist the media planning department in preparation for the advertising budget of the client.

- **Marketing Services:**

The Vice President in charge of marketing services is responsible for media planning, buying time and space, for research and sales promotion:

- Media Planning: The media in-charge is responsible for the planning and selection of the right media and also for buying time and space. He/she works in close coordination with account executives. The media person prepares media schedule, showing the various media and the dates and time/space of broadcasting or publishing the ads. He/she often contracts the media and finally pays the media bills.
- Research: The Research section will help to collect new facts from the field so that the ads can be presented according to the changing needs of the market.
- Sales Promotion: The sales promotion section prepares promotional material such as POP material, dealer aids, etc. and work with the sales manager of the client to get it to the salespeople and dealers.

- **Management & Finance**

- Office Management: The Vice President of this department is responsible for office management and looks after the problems of the personnel - recruitment training, promotion, transfer, etc. This department provides all clerical services such as typing, filing, and keeping records.
- Accounting: The accounting section looks after receipts and payments. It is responsible for collecting fees from the clients and making payments of media bills through the media section.

- Finance: The finance section deals with internal budget, cash flow, develop investments plans and analyse profit and loss statements.

CHECK YOUR PROGRESS

Q1. What is meant by Advertising?

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Q2. What are the stages in the growth of Advertising?

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Q3. What are the factors behind selecting Advertising agency?

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Q4. Mention the important parts of the advertising agency.

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Q5. What does the account executive perform?

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13.4 ADVERTISING IN INDIA

Today the advertising industry in India is comparable to that of any developing or developed world in terms of tools and techniques it uses, technology and understanding of consumers. However, it has seen an evolution. This evolution is being described in the following sections:

Evolution and growth of Indian advertising industry:

The history of advertising in India is almost as old as the history of modern print media in the country. James Augustus Hickey, a Britisher, published the first newspaper of India on January 29 1780, by the name Bengal Gazette or Calcutta General Advertiser. However, the title of the newspaper did not refer to advertising in its modem sense, though it carried

a few advertisements in its first issue. It was only in the earlier part of the twentieth century, that the advertising agencies began to emerge. In 1905, B. Dattaram & Company was founded as the first advertising agency in India. This was followed by the establishment of Indian Advertising Agency, at Bombay in 1907, and Calcutta Advertising Agency, at Calcutta in 1909.

1920's: This decade saw the first foreign-owned advertisement agencies being set up. After World War I, some former British Army officers had set up an agency called Alliance Advertising, and the other one was set up in association with Tata's, Tata Publicity. This decade also witnessed the coming up of the first of the proper multinational agencies, J. Walter Thompson (JWT), opened an office in 1926 to service the General Motors (GM) business.

1930's: Lintas India Limited was founded in 1939. Lintas was initially the in-house advertising agency of Lever Brothers, now known as Unilever. Lintas is the abbreviation for 'Lever International Advertising Service'. Later, Lever Brothers spun it off as a separate company. This was the decade when the Indian advertising industry began to take a structure.

The 1940's: By the beginning of this decade, advertisers realized that Indian populace had to be tackled differently and they needed to Indianise their advertising. In 1941, Lux signed on Leela Chitnis as the first Indian film actress to endorse the product. If there was, however, to be one landmark campaign of the era, it would have to be Dalda – the famous vegetable ghee from Unilever (Hindustan Levers Limited). Launched in 1939, Dalda was the first major example of a brand and a marketing campaign specifically developed for India. The brand got established in the decade of forties. The decade was marred with wars and independence movements. Advertising went into a downturn, a combination of a mild economic recession and the difficulties of supply of imported products occured. Despite the moves towards Indianization in the 1940s, the advertising culture was still strong, with agencies waiting for the ads, which were dispatched along with the products. Radio advertising started picking up, but not through All India Radio as this was a non-commercial medium. Radio Ceylone and Radio Goa

were the main broadcasters of popular programmes among Indian audience and hence were used by advertisers and advertising agencies.

The 1950's: The real impact of independence came only in 1956-57 when the government started regulating commerce and industries. There were some positive developments too in the decade of fifties. A few smaller multinational agencies also opened their offices in India. This decade was heydays of illustration, and line drawings in the art field of advertising. The technology to reproduce photographs in print was too primitive to be used for commercial purposes.

The 1960's: Early part of this decade resembled late fifties. However, things got changed after the World Bank forced the Indian currency to be devalued. This transferred the reigns of control of businesses to Indian professionals who joined businesses in the fifties. This was the decade when Indian advertising saw the real brand-building campaigns, like that for Lux, Pears etc. The sixties also highlighted the uneasy relationship between the advertising industry and the government. Nehruvian socialism did not approve of advertising. The guiding principle of this thinking was the belief in the classic theory that the media is a manipulator.

The 1970's: Advertising business entered the decade of seventies with a happy ending of sixties. Business boomed in the early seventies. But, overall economic conditions deteriorated in the country in the seventies due to the Bangladesh war, international oil crisis, emergency, and the socialist policies of the Janata Government. This generated a lack of confidence in the industry and hence affected the advertising business. Advertising in the seventies was also spurred by the opening of new media. AIR (All India Radio) finally started accepting advertisements and sponsored programme (like Bourn vita Quiz) in its Vivdh Bharati channel. Doordarshan opened up another option.

The 1980's: Changes in government policies in 1980s, to invite overseas investments in the economy had a direct impact on the advertising industry. Under new policies, the government eased restrictions on foreign investments in various industries, including consumer products, and permitted multinational companies to operate under their names. With this

liberalization in the economy, several homegrown agencies formed partnerships with transnational agencies.

The 1990's: The liberalization of the Indian economy in the mid-1980s and early 1990s had major repercussions for advertising agency affiliations. On one hand the number of affiliations increased and on the other hand multinational agencies sought to strengthen their financial control over their Indian associates through the acquisition of stock. The decade of the nineties is clearly remembered for the media boom. The Gulf War gave a boost to the satellite and cable TV in India. The growth of cable and satellite TV has resulted in Zee TV and to a lesser extent Star TV and Sony.

2000's: The Advertising industry in the 2000s has seen several changes. The advertising agencies have shifted their publishing sites from T.V, radio, newspaper to the internet. Today we often watch advertisements on YouTube too.

The Indian advertising industry has grown strongly over the decade of the nineties on the back of strong economic growth and deregulation. Advertising expenditure has grown to approximately 3.6% of the GDP growth rate.



CHECK YOUR PROGRESS

Q6. Who published the first newspaper and when?

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Q7. Name the first Advertising agencies.

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Q8. Who was Unilever?

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Q9. Who were the main broadcasters of popular programmes among Indian audience, who were hence used by advertisers and advertising agencies?

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13.5 LET US SUM UP

- Advertising is a century-old practise that arose from a need to tell people about goods, services or events. The word “Advertising” is derived from the Latin word “Advertere”, which means to turn the mind to or towards. It is a form of communication paid for by individuals or companies to influence people to think or act in a particular way or provide information.
- The main aim of most advertisements is to persuade to buy goods or services offered by the advertiser. The role of advertising agencies starts from the identification of the advertising needs of the product to the actual execution of the advertising project in various available media options relevant to the characteristics of the product.
- The origin and growth of advertising can be divided into five stages: Period of space agents, Period of space wholesalers, Period of creative services, Period of a complete package of services, Period of mega agencies.
- Selecting the right type of advertising agency is a very difficult choice. The advertiser should make a list of all possible agencies that can serve his/her purpose and the agency best qualified to provide the required and effective services is selected. Some advertisers may select more than one agency to handle separately its various product lines.
- Following are the factors that should be considered while selecting an advertising agency: Services Offered, Location, Advertising Compensation, Personnel, Size of the Agency Records and Reputation, Media Connections. The functions of an advertising agency depend upon its organization structure.
- The functions of a typical advertising agency can be broadly classified into these areas: Creative Services, Account Services, Marketing Services, Management & Finance.

- Communication today is considered as a space-age business from the mist of time. Technological advancements and enhancements in visual and print media both indoor and outdoor (Advertising) have grown out of social, economic and commercial developments since man has started his life as a social being.
- It was believed that there were three active participants in advertising — the Advertiser, the Advertising agency and the media. But today in the world of modern advertising many services have been added like Creative, Digital Studio, Photography, Animation, Film/Video, Printing and Production. These have given birth to freelancers such as creative directors, photographers, ad filmmakers, copywriters, digital artists, visualizes etc.
- Indian Advertising over the years has seen many changes, from style to form and content. Initially, the agencies were space buyers. In Pre-Independence period, the advertisements were mostly of ladies goods, gents clothing, travelling, eating places and entertainment for Britishers in India And majority of the consumer durables and non-durables were a luxury in those days.
- It was only after independence and abolition of the princely order that the new boom middle class received the attention of the advertisers. Technology in graphic design helped the advertiser to create better layouts to entice the middle class. Hence readymade garments, items for indoor amusement, convenience goods, and new fashion products were able to create their place in the market.



13.6 FURTHER READING

1. Murthy, S.N and U.Bhojanna. 2007. Advertising an IMC Perspective. Excel Books Publication.
2. Green, Jen.2012. Ethical Debates Advertising. The Rosen Publishing Group INC.

13.7 ANSWER TO CHECK YOUR PROGRESS

Ans to Q No 1: The word "Advertising" is derived from the Latin word "Advertere", which means to turn the mind to or towards. It is a form of communication paid for or by individuals or companies to influence people to think or act in a particular way or provide information.

Answer 2: The origin and growth of advertising can be divided into five stages:

- Period of space agents,
- Period of space wholesalers,
- Period of creative services,
- Period of a complete package of services,
- Period of mega agencies.

Ans to Q No 3: Following are the factors that should be considered while selecting an advertising agency: Services Offered: Location: 3. Advertising Compensation: 4. Personnel 5. Size of the Agency Records and Reputation: 8. Media Connections.

Answer to Q No 4: The important parts of advertising agencies are: President, Vice President in Creative service, Vice president in Marketing Services, Vice President in Account Services, and Vice President in Management and services.

Answer to Q No 5: The account executives perform the following work:

a) Advertising Plan b) Budget preparation

Answer to Q No 6: James Augustus Hickey, a Britisher, published the first newspaper of India on January 29th 1780, by the name Bengal Gazette or Calcutta General Advertiser.

Answer to Q No 7: In 1905, B. Dattaram & Company was founded as the first advertising agency in India.

Answer to Q No 8: Lintas India Limited was founded in 1939. Lintas was initially the in-house advertising agency of Lever Brothers, now known as Unilever.

Answer to Q No 9: Radio Cyclone and Radio Goa were the main broadcasters of popular programmes among Indian audience, and hence were used by advertisers and advertising agencies.



13.8 MODEL QUESTIONS

Short Questions (Answer the following questions in 150 words)

Q1. Define Advertising. Highlight the Structure and Function of Advertising Agencies.

Q2. What is the reason behind the growth of cable TV network?

Long Questions (Answer each question within 300-500 words)

Q 1. Trace out the growth of Advertising in India.

Q 2. Discuss the functions of advertising agencies.