

MEANING AND DEFINITION OF ADVERTISING

The term 'advertising' is derived from the Latin word 'adverter' which means 'to turn' the attention. Every piece of advertising attempts to turn the attention of the readers or the listeners or the viewers or the onlookers towards a product or a service or an idea. Therefore, it can be said that anything that turns the attention to an article or a service or an idea might be called as advertising.

The most widely accepted definition of advertising is the one which is given by the American Marketing Association, according to which advertising is *"any paid form of non-personal presentation and promotion of goods, services and ideas by an identified sponsor."*

This definition highlights the following features of advertising:

- Advertising is a paid form of communication.
- It can take any form-visual, audio, oral, written etc.
- It involves a non-personal presentation.
- Goods, services and/or ideas are promoted and presented.
- The sponsor is identified.

However, the definition given by the American Marketing Association suffers from some limitations. First, it has been argued that the definition does not talk about the persuasion aspect of advertising, without which it is very difficult to achieve advertising objectives. Keeping in mind this important aspect of persuasion, the following definition of advertising was proposed:

"Advertising is paid, non-personal communication of information from an identified sponsor using mass media to persuade or influence an audience so as to maximize profits."

The aforesaid definition though talks about the persuasion aspect of advertising but lays emphasis on the commercial side of advertising. However, it must be remembered that all ads are not commercial. For instance, advertisements giving messages like quit smoking, save water, drive safely, save the girl child, etc. do not have a commercial side attached to them. Thus, even this definition does not seem to be an adequate definition of advertising. Thus, yet another definition of advertising was proposed, according to which "advertising is controlled, identifiable information and persuasion by means of mass communication". This definition of advertising not only includes the persuasion aspect ignored by the definition given by the American Marketing Association but also goes beyond the 'paid form' and thus, includes even the non-commercial ads within its purview. In addition, the definition also states that advertising is 'controlled', which means that the time, space and direction of advertising can be controlled by the identifiable sponsor which is not there in publicity.

Some other definitions of advertising are given in Box 1.1.

Box 1.1: Some More Definitions of Advertising

- According to William J. Stanton, "advertising consists of all the activities involved in presenting to the audience a non-personal, sponsor identified, paid for message about a product or organisation."
- C.H. Sandage defines advertising as "a form of communication in which the communicator can control the character of his message and have it delivered to either a select or a mass audience at a very low cost."
- According to John J. Myers, "advertising is dissemination of information concerning an idea, service or product to compel action in accordance with interest of advertiser."
- According to Wright Winter, "advertising is controlled, identifiable information and persuasion to purchase the advertiser's product by means of mass communication media."
- In the words of Bay and Wheeler, "advertising is any form of paid, non-personal presentation of ideas, goods or services for the purpose of inducing people to buy them."
- In the words of J Thomas Russel and W Ronald Lane, "advertising is a message paid for by an identified sponsor and delivered through some medium of mass communication. Advertising is persuasive communication."
- The definition given by Houghton Mifflin Company (1998) says, "Advertising is the non-personal communication of marketing related information to a target audience, usually paid for by the advertiser, and delivered through mass media in order to reach the specific objectives of the sponsor."
- In the words of C.H Sandge and V. Fryburger, advertising is "multi-dimensional; a powerful marketing tool; a component of economic system; a means of financing the mass media; a social institution; an art form; an instrument of business management; a field of employment and paying profession."

FEATURES OF ADVERTISING

A study of the aforesaid definitions helps us to understand the features and nature of advertising.

1. **Any Paid Form:** Advertising may take 'any' form-visual, audio, oral or written. Irrespective of the form of advertising, an advertiser needs to buy some time and space in some advertising medium like newspaper, magazine, radio, television, etc. The 'paid aspect' of advertising reflects the fact that the space or time for an advertising message generally must be bought. However, there are occasional exceptions to this and that is why one of the aforesaid definitions uses the words 'usually paid for' in defining advertising. For

instance, many TV channels show ads to promote their own image among the audiences (e.g. 'Aaj Tak-Sabse Tez') and increase the popularity of their programmes among viewers. Although there would be costs involved in production of such ads, but such an advertising situation shows that all ads are not paid for.

2. *Non-personal Presentation and Promotion:* Advertising involves no direct face-to-face interaction between the prospect and the advertiser. It is, therefore, referred to as impersonal method of promotion. This is exactly opposite to personal selling where there is face-to-face presentation and promotion of product or service by the salesperson.
3. *Goods, Services and Ideas:* Advertising, being a powerful mass communication tool, is used not only to present and promote goods and services; it is also increasingly used to further the goals of public interest and social causes. We are exposed to thousands of ads everyday which present and promote various types of goods, services and ideas to us. Some examples of these ads are given in Table 1.1.

Table 1.1: Examples of ads of Goods, Services and Ideas

Goods	Services	Ideas
Colgate Toothpaste	Airtel Communication	Family Planning
Lux Soap	Vodafone Customer Care	Save the Girl Child
Surf Detergent Powder	Idea Communication	Prevention of AIDS
Cadbury Dairy Milk Chocolate	Insurance plans by Metlife, UTI	HIV Awareness Programme
Soft drinks like Pepsi, Coke, Limca, Mirinda	Banking Services by ICICI, HDFC, HSBC	Save Water
Health drinks like Horlicks, Boost, Complan, Milo	Beauty/Personal Care Services by VLCC, Kaya Skin Clinic	Save Electricity
Nokia Mobile Phones	NIIT Education	Save Petrol
LG Refrigerators	Makemytrip.com	Quit Smoking
Sony Television	Kingfisher Airlines	Drive Safely
Levis Jeans	PVR Cinemas	

6. *Controlled:* The advertiser/identified sponsor controls the content of advertising message, time and direction. Advertisers say what they want to say (they can decide the content of advertisement), and by selecting the appropriate medium (newspaper, TV, radio etc.), direct the message to their target audience.
7. *Persuasion:* The major objective of advertising inherent in the presentation and promotion of ideas, goods or services is to achieve predetermined objectives through persuasive communication, precipitating the change or reinforcement of desired attitude or behaviour.
8. *Advertising is a Science and an Art:* Advertising is a science as it has a systematized body of knowledge which can be taught and learnt in classrooms. Advertising is also an art as it involves practical application of the theory of advertising in designing ad campaigns.
9. *Advertising is a profession:* Advertising now is practiced as a profession. The advertising industry consists of the advertising agencies with billing running into crores of rupees per annum. Then we have a body of advertisers, mostly manufacturers, distributors, large retailers; service institutions etc. who sustain the advertising activity. We have the media consisting of the press, broadcast media (radio, TV), outdoor publicity etc. In all these three components, there are trained professionals like the Advertising Manager, the Media Manager, the Accounts Manager, the Space Selling Manager, the Art Director etc.
10. *Creative:* Advertising employs creativity to design an advertising campaign. Various stages in designing an ad campaign calls for creativity. Be it writing a slogan, or composing good jingles, or thinking of a good storyline for the ad, all demand a good amount of creativity from all the people involved in designing the campaign.
11. *Investment:* Some people consider advertising as a wasteful expenditure having a short-term effect. They believe that the money spent on advertising is charged to the customers by raising the price of the product. However, it should be remembered that advertising is an investment towards the building of goodwill and brand image of the product/organisation in the market. It should be sustained over a period of time; otherwise its message will be forgotten.
12. *Goal-oriented:* Advertising is a goal-oriented or purposeful activity aiming to achieve something. It may aim at increasing the sale of the product, increasing awareness among the target audience about a new product or new uses of a product, changing the habits of consumers, increasing usage, improving corporate image etc. Thus, advertising is directed towards the achievement of one or more goals or objectives and the advertising campaign is accordingly formulated to enable the achievement of these goals.

TYPES OF ADVERTISING

CONTENTS

- Classification of Advertising on the basis of
 - Geographical Spread
 - Target Audience
 - What is being Advertised
 - Advertising Objectives
- Some Other Types of Advertising
- Case Study: Idea Cellular "What an Idea, Sir Ji"

Advertising is the promotion of a company's products and services carried out to achieve certain objectives. Advertising has become an essential element of the corporate world and hence the companies allot a considerable amount of revenues as their advertising budget. There are several reasons for advertising some of which are: increasing the sales of the product/service, creating and maintaining a brand identity or brand image, communicating a change in the existing product line, introduction of a new product or service, increasing the buzz-value of the brand or the company etc. Thus, there are several reasons for advertising and similarly there exist various media which can be effectively used for advertising. Without effective and targeted advertising, a business cannot succeed. There are many types of advertising a business can utilize in effort to increase its sales and they can be classified into different categories.

CLASSIFICATION OF ADVERTISING

TYPES OF ADVERTISING

1. The Objective Sought (Stimulation of Primary/Secondary Demand, Direct/Indirect Action, Cooperative Advertising, Public Service Advertising)
2. Others

ACCORDING TO GEOGRAPHICAL SPREAD

1. **National Advertising:** National advertising refers to the fact that a company has a national target market and does not imply that the advertisement per se is nationwide. The company, thus, selects media with a countrywide base. Generally large, established firms belong to this category. Products like Lux soap, Sunsilk Shampoo, Taj Mahal Tea, Colgate Toothpaste etc. are nationally advertised.

2. **Local Advertising:** Small firms may like to restrict their business to State or regional level. Some firms first localize their marketing efforts and once success has been achieved, they spread out to wider horizons. A classic example is Nirma washing powder, which initially was sold only in Gujarat and subsequently entered the other markets. Retail stores also undertake local advertising. The area to be covered would generally be a city or a town and media would be selected which principally relates to that area. For example, a store of Big Bazaar in Gurgaon (Haryana) may give its ad in a newspaper which has its circulation in Delhi and NCR. Sometimes large firms may also go in for local advertising, e.g., when they undertake pre-testing of a product especially consumer products in selected areas before embarking promotional campaign on a national level.

3. **Global Advertising:** Multinational firms treat the world as their market. Firms such as IBM, Sony, Pepsi, Coke, etc. advertise globally, i.e. in different media categories across the world. The Coca-Cola Company rolled out its global integrated marketing campaign, "Open Happiness" in late January 2009, in the United States of America. Following this, it decided to roll out the campaign in India. The sub-continent was among the first few strategic markets for the campaign. 2009 saw Coca-Cola's long-time brand endorser, Aamir Khan 'Opening' happiness for the brand in India. Aamir Khan, who has been endorsing Coke for over a decade, was seen as a messenger of optimism in the campaign, where a bottle of Coke brought people together in their joy. Taking the message further, in 2010, Bollywood actor, Imran Khan, joined his uncle, Aamir Khan as an endorser for Coca-Cola.



open happiness

ACCORDING TO THE TARGET AUDIENCE

1. **Consumer Advertising:** Consumer advertising is one which is directed to end consumers. This type of advertising takes place for those products which are used by the consumers. Advertisements of soaps, detergents, tea, coffee, soft

drinks, washing machines, televisions, refrigerators, cosmetics are all examples of consumer advertising. Such type of advertising generally appears in mass media like television, radio, magazines and newspapers.

2. *Trade Advertising:* This refers to consumer-product advertising designed to stimulate wholesalers or retailers to purchase products for resale to their customers. An example of trade advertising would be a Coca-Cola advertisement placed in a trade magazine such as 'Franchising', in order to promote Coca-Cola to food store managers. The primary objective of trade advertising is to promote greater distribution of the advertised product.

An important form of trade advertising is retail advertising.

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

Retail advertising has a number of objectives. The primary one is to build store traffic, and advertising does that by emphasizing a reduced price on a popular item or by promoting the store image by focussing on unusual or varied merchandise, friendly and knowledgeable clerks, or prestige brands. Other objectives are:

- Build store brand awareness
- Sell a variety of products and brands by creating consumer understanding of items or services offered
- Deliver sales promotion messages
- Create and communicate a store image or personality
- Create consumer desire to shop at this particular store

The case study of 'Big Bazaar' (discussed at the end of chapter 2 of the book) is a classic example of Retail Advertising in India.

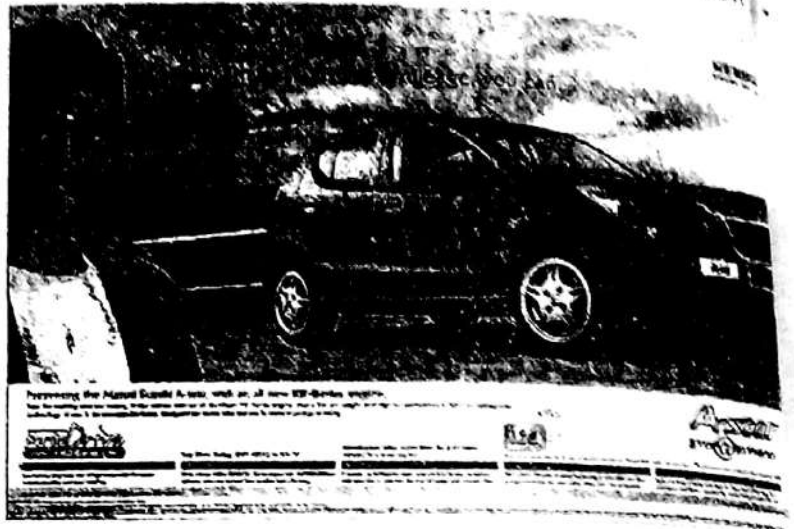
3. *Industrial Advertising:* Industrial advertising is directed at business firms and other organisations which purchase and use industrial products such as raw material, machinery, tools and equipment, etc. For instance, an advertisement for electric motors may be directed at manufacturers of washing machines, an advertisement for certain types of tools may be directed at manufacturers of tractors, etc. As compared to consumers, industrial buyers are few in number. Trade and technical journals are the main media used in industrial advertising.

WHAT IS BEING ADVERTISED ?

The modern definition of 'product' in marketing is "anything that can be marketed is a product". In that sense, it is not only a tangible product which can be advertised, but also services, ideas, organisations and places are advertised.

On the basis of what is being advertised, advertising may be classified as follows.

1. **Product Advertising:** Such advertising is done to promote the sale of a tangible product. For example, Colgate toothpaste, Lux soap, Ariel detergent powder, Cadbury Dairy Milk Chocolate, Nokia Mobile Phones, Ruffles Lays, Harvest Gold Bread, Maruti A-star car, LG Refrigerators, etc. Product advertising may be direct action or indirect action advertising (explained later).



2. **Service Advertising:** This type of advertising attempts to promote the sale of services which are intangible, inseparable and perishable. Advertisements by banks, insurance companies, hotels, airlines, health care services, mobile phone service providers etc. fall in this category.



3. **Idea Advertising:** Advertising, being a powerful mass communication tool, is used not only to present and promote goods and services but also to further the goals of public interest and social causes. This is achieved through what is known as idea advertising. Advertisements like quit smoking, family planning, save the girl child, HIV awareness programme, Pulse Polio Immunization, save water, save electricity, etc. are all examples of idea advertising.



4. *Institutional Advertising:* Institutional Advertising is done by business firms and institutions to build their image. Such advertising does not attempt to sell anything directly. The objective is to improve the goodwill or the organisation as a whole, not focusing on any one product or service of the organisation. Institutional advertising is also known as corporate advertising. An example of institutional advertising is Superstar Amitabh Bachchan promoting Reliance, Anil Dhirubhai Ambani Group.
5. *Place Advertising:* Advertising of places is done to promote tourism to such places. Advertisements like Go Goa, Dubai Shopping Festival, Kerala-God's Own Country etc. are all examples of place advertising.



WHAT ARE THE OBJECTIVES ?

1. *Primary Demand Advertising:* Primary demand advertising is that type which is designed to stimulate the demand for a generic category of a product, rather than emphasizing on a particular brand of a product. For example, the "piyo glassful doodh" advertisement by Mother Dairy emphasizes that it is good to drink milk, without emphasizing on the brand Mother Dairy.

Primary demand advertising is used in two situations. The first is when the product is in the introductory stages of its life cycle. This is called pioneering advertising. Under this, an individual firm may be run an ad about its new product, explaining the product's benefits, not emphasizing the brand name. The objective of pioneering advertising is to inform, and not to persuade the market.

The second use of primary demand advertising is by trade associations to stimulate the demand for their industry's product which is in competition with other product categories. Thus, the national Egg Co-ordination Committee urges us to eat eggs when it says, "Sunday ho ya Monday, Roz Khao Ande", and the "piyo glassful doodh" by Mother Dairy urges us to drink milk. Here, the "piyo glassful doodh" ad, tries to meet competition that it faces from other product categories like soft drinks, juices, etc.

2. *Secondary Demand Advertising:* Secondary demand advertising is intended to stimulate demand for individual brands such as Amul Milk, Sony Television, etc. Selective demand advertising is essentially *competitive advertising*. This type of advertising is used when a product has gone beyond the introductory stage of its life cycle. The product is then sufficiently well-known, and several individual brands are competing for a market share. The

objective of competitive advertising is to persuade the potential customers, and it emphasizes the particular benefits of the brand being advertised.

Comparative advertising is also one type of selective demand advertising that has been used for a wide variety of products. In comparative advertising, the advertiser directly or indirectly points out towards a rival brand and states that the advertised brand is better than the other. (It should be remembered that in India law does not permit taking the name of the rival brand directly for the purpose of comparative advertising.)

3. *Direct Action Advertising:* With direct action advertising, sellers seek a quick response to their advertisements. For instance, an advertisement in the newspaper with a coupon, which when redeemed will give the person a free sample of the product, may urge the reader to send immediately for a free sample. Harvest Gold Bread had used this technique where they inserted a coupon in the newspaper on the redemption of which the buyer would get a pack of Harvest Gold Buns free with the bread. This helped Harvest Gold to secure a quick response to the brand in the initial period of launch of the bread.
4. *Indirect Action Advertising:* Indirect action advertising is designed to stimulate demand over a longer period of time. Such advertising is intended to inform customers that the product exists and to point out its benefits. The idea is that when customers are ready to buy the product, they will look favourably upon the seller's brand. Thus, an advertisement for a brand of car may not immediately result in sale but can place the car favourably in the minds of prospective customers. When these people are ready to buy a car, three months later, or six months later or one year later, it might lead to sale.
5. *Cooperative Advertising:* Cooperative advertising involves the sharing of the cost of advertising by two or more sponsors. Cooperative advertising may be vertical or horizontal.

Vertical Cooperative Advertising involves firms on different levels of distribution - such as manufacturers and retailers. The manufacturer and the retailer share the retailer's cost of advertising the manufacturer's product. Another type of vertical cooperative advertising involves an advertising allowance - also called a promotional allowance. This allowance is an off-invoice or cash discount offered by a manufacturer to a retailer to encourage the retailer to advertise or prominently display the product. The arrangement provides added incentive for the retailer to advertise the manufacturer's product.

Horizontal Cooperative Advertising involves a group of firms on the same level of distribution - such as a group of retailers. All stores in a shopping mall, for instance, may run a joint ad weekly in the newspaper.

6. *Public Service Advertising:* Public Service Advertising refers to those advertising efforts which are done as a part of social responsibility by such entities as advertising agencies, Government, NGO's as well as other business organisations. The main objective behind Public Service Advertising is to

1. **Political Advertising:** Political advertising is created either by political parties or candidates. Mostly we come across such advertising at the time of elections. Election advertising either lists the achievements of the party or candidate or propagates their ideological basis. Sometimes, they are provocative too. Such advertising may become comparative, where the weaknesses of the opposition are highlighted to show their party or candidate in favourable light. An example of political advertising is the "India Shining" campaign during the 2004 elections, which aimed at highlighting the progress India had made during the tenure of Atal Bihari Vajpayee as the Prime Minister.
2. **Financial Advertising:** When public limited companies invite the general public to subscribe to the share capital of the company, it is called financial advertising. In a broader sense, it includes all advertising by financial industry such as banks, car loan companies, insurance companies, non-banking financial companies etc.

The copy of financial ad gives highlights of the project, details of the issue, crisis rating, management's perception of the risk factors, closing date of the issue, lead manager's name and address, promoter's name and address, name of the company and its address. Apart from these routine things the investing public is motivated to invest by suitable copy matter - a slogan, a promise of returns, profile of the product etc. The media used for financial advertising are mainly the print media, especially the press and to some extent magazines. Mega-issues are promoted even on TV.
3. **Speciality Advertising:** Specialty advertising refers to the special form of advertising on various merchandise such as t-shirts, pens, mugs, diaries, calendars, mouse pads, caps, stickers, mobile phone accessories, car and bike stickers, key rings, sign plaques, bookmarks, bathroom accessories, toys, glassware, luggage tags and many more. With specialty advertising, the advantage is that anything you can think of is a good mode for advertising your company name, its logo, or even its message, can be used.

For example, if a company wants to give out a t-shirt with your message and logo on it as a special promotional offer to subscribers of a particular scheme, it will obviously want to order t-shirts in bulk. The logic is that the more such ads that it releases in the market, the more the visibility for its product.

Appendix 1.1

HISTORY OF INDIAN ADVERTISING

The primitive history of advertising can be dated back to the word-of-mouth advertising by hawkers announcing their articles for sale, merchants roaming from town to town spreading awareness about their goods and messengers of the king announcing their messages. Advertising in India, in true sense, started in the 19th century with the birth of classified advertising. Advertisements appeared for the first time in print in 1780 in 'Bengal Gazette' - India's first newspaper. Initially, advertisements were imported from studios in England. But later, local ad development commenced in India with the setting up of newspaper studios. A lot of British retailers and medicine manufacturers were the major clients of these studios in those times. The medicine manufacturers used to advertise their medicines and retailers advertised their catalogues containing product information and promotional offers thereon. Advertising progress was gradual till the 20th century. But with India emerging a noteworthy market for products, ads for products of many multinational companies, like Lux, were designed for the Indian audience in the 1940s. Let us see some of the major milestones in Indian advertising since then.

1940-50

- In 1941, Lux signed Leela Chitnis as the first Indian film actress to endorse the product.
- In 1946, Air India's Bobby Kooka along with JWT's (ad agency) Umesh Rao created our own hospitable Maharaja. The Maharaja was a polished and courteous man with moustaches, in red imperial clothes, a striped turban and pointed shoes. The Maharaja made Air India the first Indian brand to have its own mascot.



1950-60

- P&G got Vicks Vaporub in India in 1952 and positioned it as a one stop solution for all cold symptoms. As opposed to this, the market leader at that time, Amritanjan, was positioned as an all-purpose ointment meant for cold, aches, pains, sprains, etc.
- The All India Radio's Vividh Bharti Vigyan Sewa was started by AIR on October 3, 1957. Among the first jingles heard were the ones for Hamam, Lifebuoy and Vicco Vajradanti.
- 1959 saw the marketing of India's first detergent powder 'Suri' by Alyque Padamsee, an advertising guru.

1960-70

- The Muscle-man of MRF was created by Alyque Padamsee. For MRF tyres, durability was a key issue. Alyque and his gang dreamt up of a musclemann who was to be the company's public face - mascot who represented the essence and soul of the product promise - Strength. This gave it an instant identity and definition of what the brand stood for.
- 1964 saw Lifebuoy go through a major re-launch campaign. In the early 1960s, Lifebuoy was being sold as a body-odour soap. The marketing team at Lintas (ad agency) believed that the same strategy should be adopted in India. However, Alyque Padamsee, who was with Lintas at that time, convinced them that the health factor would work better for Lifebuoy in India. Thus, came up the famous jingle, "Lifebuoy hai insan samrakshak hai aushan."
- Amul's cute and bubbly 'Utterly Butterly Delicious' mascot was created. The first Amul hoarding sporting the 'Utterly Butterly Delicious' Girl in a polka dot frock came up in 1967, in a hoarding in Mumbai. The Amul Girl has made its way into the Guinness Book of World Records as the longest running outdoor advertising campaign.

1970-80

- Liril's positioning as a bathing soap made Alyque Padamsee a legend in the advertising fraternity. The landmark idea came in 1975 and what we saw was the Liril girl drenched under the falls wearing only a bikini. The ad was all about waterfalls, abundant water and the girl splashing about in total abandon singing "la...la la laaa...". The first Liril ad was a masterpiece in itself. It was shot in Kodaikanal at a waterfall, a little beyond Guna caves.
- In 1977, Coca-Cola was virtually driven out of India. Eager to cash into the space left behind, companies started launching the domestic colas including Double 7, followed by Campa Cola, ThumsUp and McDowell's Thrill. While the other became popular in some local markets, Campa dominated the Delhi market and ThumsUp ruled in Mumbai.
- 1970s saw the emergence of National Readership Surveys that fast started providing relevant data on consumer reading habits.
- The birth of television in India in 1978 radically transformed the advertising industry presented itself.



The Onida's Devil was born in the 1980s. Weighing his green tail and evil eyes in scale, he positioned Onida as a television which is "Neighbour's envy, owner's pride".

Onida finally got a soap when Vinod Khanna signed for Cinthol soap in 1986.

Pepsi's ad campaign "Yehi hai right choice, aha" featuring Remo Fernandes using a combination of Hindi and English made its way into the hearts of teenagers of India.

2000-2000

The 1990s stand witness to a radical transformation in the Indian TV industry.

Breaking the monopoly of Doordarshan, the

1990s saw the satellite TV hit India. Star Plus was the first satellite TV channel to be aired in the Indian subcontinent. This was followed by Zee TV, India's first private satellite channel.

1990s marked the beginning of a new medium-Internet. Advertising agencies opened new media shops and went virtual with websites and Internet advertising.

In 1998, Pepsi Co. came up with the first animated mascot, Fido Dido, for their lemon flavoured fizz drink, 7 Up. The mascot was first of its kind as it sang, danced, joked, laughed and cried with an equally enthralled audience.

The Tuff shoes TV and print campaign released in 1998 flaunted models Milind Soman and Madhu Sapre, clad in nothing but a python and Tuff shoes. The ad led to a lot of public protest.

In the early 1990's, chocolates were seen as 'meant for kids', usually a reward or a bribe for children. In the mid 1990's the category was re-defined by the very popular 'Real Taste of Life' campaign by Cadbury, shifting the focus from 'just for kids' to the 'kid in all of us'. The 'Real Taste of Life' campaign had many memorable executions, which people still fondly remember. However, the one with the "girl dancing on the cricket field" has remained imprinted in everyone's memory, as the most spontaneous & natural



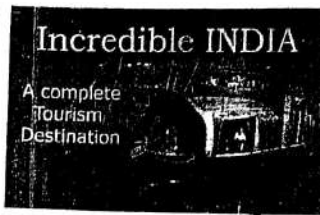
!dea

**Nai Kol jaat paat.
Na Kol bhed bhaav.**

9837051103

The New Millennium

- The Government of India launched the 'Incredible India' campaign in 2003 to attract more tourists into the country. The campaign highlighted the geographical, historical and traditional glory of India.
- Hutch came up with its cute little mascot - the pug. Hutch's slogan "Wherever you go our network follows" was closely tied up with the Hutch-Pug campaign. The Hutch network was personified as the adorable pug dog following the owner, who was a very cute kid.
- Social Advertising received a boost in 2003 with the 'Do Boond Zindagi Ke' campaign. The association of Amitabh Bachchan with the campaign brought credibility to the National Pulse Polio Immunisation Programme. The main objective of the campaign was to urge people through public interest ads to get their children vaccinated against polio.
- The metrosexual male arrived with Shahrukh Khan sitting proudly in a bath tub decorated with rose petals and surrounded by four Bollywood beauties - Hema Malini, Sridevi, Juhi Chawla and Kareena Kapoor, for Lux Soap in 2006.
- In 2007, Idea Cellular came up with its "What an idea, sir ji" campaign. The first ad in the series where mobile numbers were used as replacements for people's name in a village, was well received by the audience. The basic theme was to focus on treating everyone as equals. The social message was well delivered and what followed was a number of ads in this series - 'Education for all', 'Walk and talk', 'Save Paper, Save Tree', etc.
- In 2007, Tata Tea's "Jaago Re" campaign aimed at awakening the masses and alerting them to their responsibilities as citizens. The campaign thus, positioned the tea as a means of truly awakening people.
- Vodafone Zoozoos were created and the ads were aired during the IPL season in 2009. Zoozoos created an instant buzz both in traditional media as well as the social networking sites like Facebook, Twitter and Youtube.
- Volkswagen created a history in 2010 when in association with The Times of India and The Hindu, the company came up with a 'Talking Newspaper' for the launch campaign of Volkswagen Vento.



2

ROLE OF ADVERTISING IN MARKETING MIX

CONTENTS

- Elements of Marketing Mix
- Advertising and Product
- Advertising and Price
- Advertising and Place
- Advertising and Promotion
- Concluding Note
- Case Study: Big Bazaar

Marketing mix refers to the combination of four elements of marketing- Product, Price, Place and Promotion (4 P's). According to W.J. Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of advertising company's marketing system: the product, the price structure, the promotional activities and the distribution system". Philip Kotler defines marketing mix as, "the set of marketing tools that the firm uses to pursue its marketing objectives in the target market".

Marketing mix represents the total marketing programme of a firm. It involves decisions with regard to product, price, place and promotion. These four elements constitute the core of a firm's marketing efforts and are called as the 4 P's of marketing by E.J. McCarthy. Every business firm must determine its marketing mix in an appropriate manner so as to meet the requirements of the customers.

ELEMENTS OF MARKETING MIX

- The four major elements of marketing mix are described below.
- Product:** A product is anything that can be offered to satisfy a need or a want. Product component of the marketing mix involves decisions related to product size, product quality, product features, product packaging, labelling, branding, trademark, warranties and after-sales services. All these activities

things one person does when he wants to create understanding in the mind of another". Thus, communication is an attempt to share understanding by two or more persons. It is a two-way process and is completed when there is some response from the receiver of information.

- Communication involves at least two persons - one who sends the message and the second who receives the message. In advertising terms, the sender of the message is the advertiser of the product and the receiver to whom the message is intended is the target customer.
- The basic purpose of communication is to create an understanding in the mind of the receiver of the information. Thus, an advertiser aims to put across his message to the consumer in such a way that he understands it.
- Communication may take several forms-oral, written, though visuals etc. Thus, advertising may use radio to send oral messages to customers, television for visual messages, newspapers and magazines for written messages, outdoor billboards, posters and internet for a combination of written and visual messages.
- Communication is a persuasive function. Thus, an advertiser uses advertising communication i.e. advertisements through various media to persuade the prospective customers to act favourably towards the product/service/idea advertised. This favourable response from the customers might mean an increase in sales, or improved brand loyalty, or favourable attitude towards the advertised brand.
- Communication is a two-way traffic. The process of communication is not completed until the message has been understood by the receiver. Effective communication leads to understanding.

PROCESS OF COMMUNICATION

The process of communication can be explained with the help of a communication model. The following figure shows a communication model with nine elements. Two represent the major parties in a communication - sender and receiver. Two represent the major communication tools - message and media. Four represent major communication functions - encoding, decoding, and feedback and response. The last element in the system is noise.

Figure 3.1 shows a model of communication process with these nine elements.

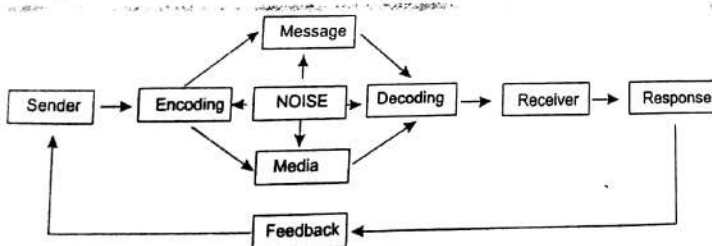


Figure 3.1: Communication Process

ADVERTISING AS A COMMUNICATION TOOLS

Let us now discuss these elements of the communication model in detail.

Sender: The sender is an individual, group, or organisation who initiates the communication. This source is initially responsible for the success of the message. The sender's experiences, attitudes, knowledge, skill, perceptions, and culture influence the message. The written words, spoken words, and nonverbal language selected are paramount in ensuring that the receiver interprets the message as intended by the sender. All communication begins with the sender. In case of advertising, the sender is the advertiser of a product/service.

Encoding: The first step that the sender is faced with involves the encoding process. In order to convey meaning, the sender must begin encoding, which means translating information into a message in the form of symbols that represent ideas or concepts. This process translates the ideas or concepts into the coded message that will be communicated. The symbols can take on numerous forms such as, languages, words, or gestures. These symbols are used to encode ideas into messages that others can understand.

Message: When encoding a message, the sender has to begin by deciding what he wants to transmit. This decision by the sender is based on what he believes about the receiver's knowledge and assumptions, along with what additional information he wants the receiver to have. It is important for the sender to use symbols that are familiar to the intended receiver. A good way for the sender to improve encoding his message is to mentally visualize the communication from the receiver's point of view.

The encoding and message decisions are taken simultaneously. For instance, in case of advertising, the advertiser may want to inform (message) the target customers about the price of the product. Encoding of this message may then take place by putting this message in these words-"Ab aapki manpasand Nestle Munch sirf paanch rupay mein". Also, the advertiser would like to choose that type of message which will create attitude and feelings most likely to precipitate the desired action. The message content can focus on rational or emotional approach. Humorous messages attract consumer attention and put the person in a pleasant mood. Music can add emotion and make the consumers more inclined towards the message. The marketer may favour using fear or sex appeals or may like to use brand comparison approach. There is a wide choice in developing an appropriate message for the target audience.

Media: To begin transmitting the message, the sender uses some kind of channel (also called a medium). The channel is the means used to convey the message. Most channels are either oral or written, but currently visual channels are becoming more common as technology expands. The effectiveness of the various channels fluctuates depending on the characteristics of the communication. For instance, in case of marketing communications, most popular channels are television, radio, internet, newspapers, magazines, etc. Even within a particular medium, the advertiser has a lot of options. For

instance, in case of televisions, an advertiser can make a choice between various television channels depending on his product and the interest area of target market. Thus, an advertiser may advertise sports shoes on a sports channel like Ten Sports, educational kits for children can be advertised on channels like Cartoon Networks, FMCGs like soft drinks, potato chips, toothpaste, soap, detergents, etc. can be advertised on popular television channels like Sony, Star Plus, Zee etc. A marketing manager might also use more than one medium i.e. a combination of various media to put his message across to the target audience.

5. **Decoding:** After the appropriate channel or channels are selected, the message enters the decoding stage of the communication process. Decoding is conducted by the receiver. Once the message is received and examined, the stimulus is sent to the brain for interpreting, in order to assign some type of meaning to it. It is this processing stage that constitutes decoding. The receiver begins to interpret the symbols sent by the sender, translating the message to his own set of experiences in order to make the symbols meaningful. Successful communication takes place when the receiver correctly interprets the sender's message.
6. **Receiver:** The receiver is the individual or individuals to whom the message is directed. In case of advertising, the message is directed at the target market but it might be received by other customers also. The extent to which the receiver comprehends the message will depend on a number of factors, which include the following: how much the individual or individuals know about the topic, their receptivity to the message, and the relationship and trust that exists between sender and receiver. All interpretations by the receiver are influenced by their experiences, attitudes, knowledge, skills, perceptions, and culture. It is similar to the sender's relationship with encoding.
7. **Response:** Response refers to the set of reactions that the receiver has after being exposed to the message. In case of advertising, a response may mean developing a favourable attitude towards the product as a result of an advertising campaign. However, in many cases, measuring such responses in case of advertising is not easy.
8. **Feedback:** Feedback is the final link in the chain of the communication process. It is that part of the receiver's response that the receiver communicates back to the sender. After receiving a message, the receiver responds in some way and signals that response to the sender. The signal may take the form of a spoken comment, a long sigh, a written message, a smile, or some other action. Without feedback, the sender cannot confirm that the receiver has interpreted the message correctly.
9. **Noise:** Noise refers to the random and competing messages that may interfere with the intended communication. The element of noise in the communication process also refers to any type of unplanned disruption or interference that

may hinder the communication. Thus, for Pepsi, a Coke ad (competing message) is noise. Also, any other ad, even of products other than soft drinks, are noise for Pepsi as it makes it difficult for Pepsi to make its ad stand out and attract attention when the customer is bombarded with a number of advertisements these days. Sometimes, the selected channel may itself be the source of noise, such as distortion in a radio or television signal.

We have already said that the target customer may not receive the intended message because of the element of noise (random and competing messages that may interfere with the intended communication) in the marketing communication process. In addition to this, one also needs to know about the following three factors because of which the target customer may not receive the intended message.

- a. **Selective Attention** - A person may be exposed to hundreds or thousands of ads or brand communications in a day. Because a person cannot possibly attend to all of these, most stimuli will be screened out. This process is called selective attention. Thus, selective attention means that marketers have to work hard to attract consumer's notice. The real challenge is to explain which stimuli people will notice. Generally, people are more likely to notice stimuli that relate to a current need. Thus, a person who is motivated to buy a car is most likely to notice car ads. The process of selective attention explains why advertisers go to great lengths to grab the audience's attention through, fear, music, or bold headlines.
- b. **Selective Distortion** - Selective distortion is the tendency to interpret information in a way that fit our preconceptions. Consumers often distort information to be consistent with prior brand and product beliefs. Thus, the target audience will hear what fits into their belief systems. As a result, receivers often add things to the message that are not there and do not notice other things that are there. The advertiser's task is to strive for simplicity, clarity, interest and repetition to get the main points across.
- c. **Selective Retention** - People retain in long term memory only a small fraction of the messages that reach them. If the receiver's initial attitude towards the brand is positive and he rehearses support arguments (that is, tells himself things such as the product is in fashion or that it is reasonably priced or that it delivers good value, etc.), the message is likely to be accepted and have high recall. If the initial attitude towards the brand is negative and the person rehearses counter arguments (that is, tells himself that the product is highly overpriced or that the competing products offer more value to customers or that the brand is not doing well in the market, etc.), the message is likely to be rejected but to stay in long-term memory. Thus, the advertiser's task is two-fold here. He not only has to create an initial favourable attitude towards the brand but also through his ads communicate to the audience strong points about the brands so that the customers can rehearse the same and the brand is positively placed in the long-term memory of the customers. However, an advertiser must...

Unit I

Advertising Communication; stages in advertising communication; IMC; Types of advertising; Advertising exposure Model; History of advertising

Advertising

- Derived from the Latin word "Adverter" which means 'to turn the attention'
- Anything that turns attention to an article, a service or an idea might be called as advertising

History of advertising

- Primitively word-of-mouth advertising
- Hawkers announcing their articles for sale
- Merchants roaming from town to town spreading awareness about their goods
- Messengers of kings announcing their messages

Advertising in India

- Started in India in its true sense in 18th century with the birth of classified advertising
- First time in print in 1780 in "Bengal Gazette", India's first newspaper
- Initially imported from studios in England; later newspaper studios in India
- Initial clients - British retailers & medicine manufacturers

Advertising in India

- 1940-50 - Lux, Maharaja
- 1950-60 - Vicks Vaporub, Vividh Bharati, Surf
- 1960-70 - Muscle man of MRF, Lifebuoy, Amul
- 1970-80 - Liril, Coca-Cola, ThumsUp, National Readership Surveys; 1978 - birth of television in India
- 1980-90 - Rasna, Charms, Voltas, Maggi, Bajaj, Onida, etc.
- 1990-2000 - radical transformation in the Indian TV industry (satellite channels); internet; Pepsi, Cadbury, etc.
- The new millennium - Incredible India campaign, Hutch, Pulse Polio, Idea, Volkswagen, etc.

Advertising as a part of Marketing Mix

Marketing Mix

- Product
- Price
- Place
- Promotion →

Promotion Mix

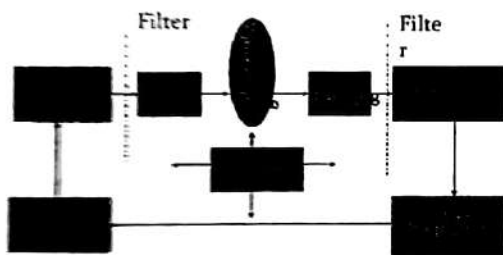
- Advertising
- Sales Promotion
- Personal Selling
- Direct Marketing
- Publicity & PR

Advertising Communication

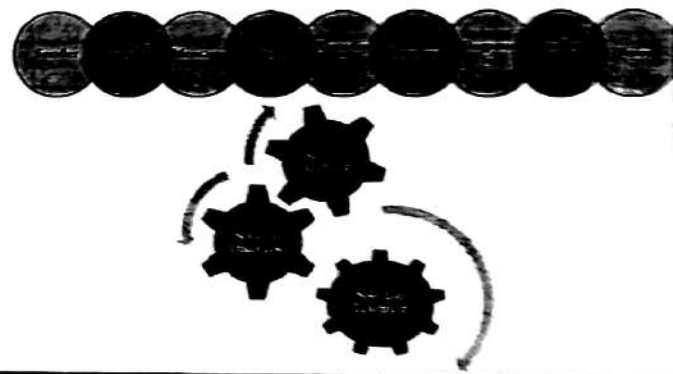
Marketing Communications

- **Marketing Communications** (or MarCom) are messages and related media used to communicate with a market
- Marketing communications is the "promotion" part of the "Marketing Mix" or the "four Ps" product, price, place and promotion

The Communication Process



The Communication Process



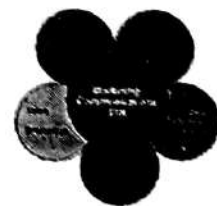
Promotional Mix



Advertising
Personal Selling
Sales Promotion
Public Relations & Publicity
Direct Marketing

Combination of promotion tools used to reach the target market and fulfill the organization's overall goals.

Promotional mix a.k.a Communication mix



Advertising

Any paid form of non-personal presentation and promotion of ideas, goods or services through mass media such as newspapers, magazines, television or radio by an identified sponsor



Features of advertising

- Paid form
- Non personal presentation
- Goods/services/ideas/people/places
- Mass communication
- Identified sponsor
- Specific objective

Characteristics of Advertising

Advertising	
Communication Mode	Indirect and non-personal
Communicator Control	LOW
Feedback Control	None
Message Control	High
Message Duration	On/Off
Message Content Control	Yes
Sponsor Control	Yes
Reach and Frequency	High
Message Flexibility	Same message to all audiences

Types of Advertising

Geographical spread	Target audience	Object of Ad	Objective	Others
Local, National, International	Mass, Selective	Product, Service, Idea, Place, Person	Informative, Persuasive, Reminder, Reinforcement	Public Service, Institutional

Advertising

Any paid form of non-personal presentation and promotion of ideas, goods or services through mass media such as newspapers, magazines, television or radio by an identified sponsor



Features of advertising

- Paid form
- Non personal presentation
- Goods/services/ideas/people/places
- Mass communication
- Identified sponsor
- Specific objective

Characteristics of Advertising

	Advertising
Communication Mode	Indirect and non-personal
Communication Control	Low
Feedback Available	Little
Feedback Speed	Delayed
Message Flow Direction	One-way
Message Content Control	Yes
Spokesperson Influence	No
Reaching Large Audiences	Fast
Message Flexibility	Same message to all audiences

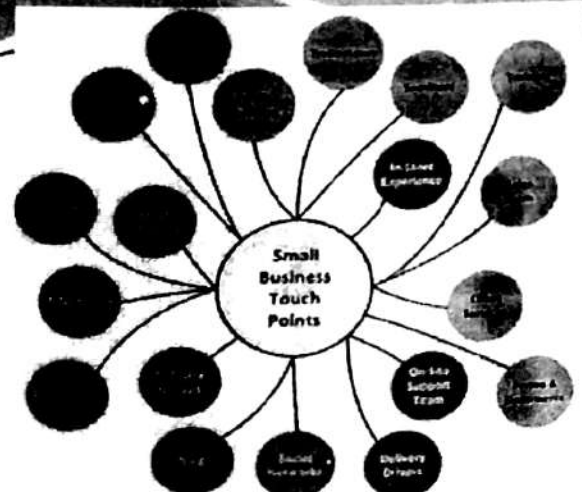
Types of Advertising

Geographical spread	Target audience	Object of Ad	Objective	Others
<ul style="list-style-type: none"> National Local Global 	<ul style="list-style-type: none"> Community Individual 	<ul style="list-style-type: none"> Product Service Idea Organization Place 	<ul style="list-style-type: none"> Primary/secondary demand Direct/indirect action Cooperative advertising Public service advertising 	<ul style="list-style-type: none"> Political Financial Speciality

IMC

Other names

New Advertising
One-to-one marketing
Whole egg
Orchestration
360 branding
Total branding



IMC Definition

- IMC is the coordination and integration of all marketing communication tools, avenues, functions and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost.
- It is the communications mix adopted by a company to derive synergies from the various types of marketing communications tools available

IMC Definition

American Association of Advertising defines IMC as "a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – for ex., general advertising, direct response, sales promotions and PR- and combines these disciplines to provide clarity, consistency and maximum impact."

Promotion, Promotional Mix and IMC



Steps for developing effective communication

1. Identifying the target audience
2. Determining communication objectives
3. Designing the message
4. Selecting communication channels
5. Establishing communication budget
6. Deciding on communication mix
7. Measuring results and taking feedback
8. Managing and coordinating MC process

Integrated Marketing Communication

American Association of Advertising defines IMC as "a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – for ex., general advertising, direct response, sales promotions and PR- and combines these disciplines to provide clarity, consistency and maximum impact."

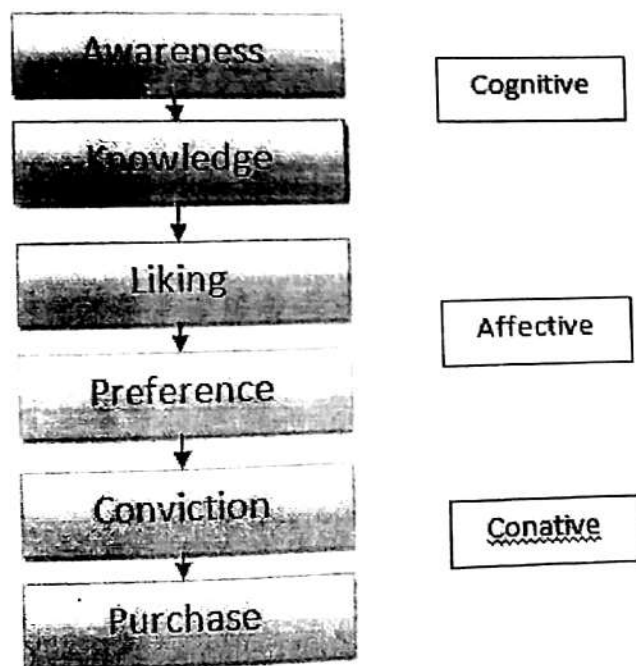
Steps in IMC process

1. Identifying the target audience

Marketing communications should start with a clear target audience in mind. Target audience may be potential buyers or current users, actual buyers/influencers. Marketing communicators should understand their demographics and psychographics, media habits and level of awareness.

2. Determining communication objectives

Next, marketing communicators must decide on the desired set of responses from the target market. The most widely accepted consumer response model is "Hierarchy of effects model" also known as "buyers' readiness states"



First the communicator must know how aware the target audience is of the product or organization. If most of it is unaware then awareness has to be built. Once awareness is generated, the next communication objective will be to spread product knowledge. After the target audience has the requisite product knowledge, marketers should generate liking for the product. Even after developing liking for the product, people may still not prefer to buy the

product. Communicators must then try to build consumer preference by promoting the brand's quality, value, price and other features. When the target audience prefers but is not yet convinced to buy the product, communicator's job is to convince them as to why this product should be bought and not other; why is this the best choice. Some members of the target audience may have conviction but do not make a purchase. They may wait for more information or postpone purchase. Communicator must lead them to take the final step by offering the product at low price or offering a premium or samples.

3. Designing the message

An effective message must produce AIDA.

The AIDA Model

- **Attention**
 - Get noticed
- **Interest**
 - What's in it for me?
 - Problem solving?
- **Desire**
 - 'Want' factor
 - Brand
- **Action**
 - How do I get it?

This step involves deciding on the (i) message content – what to say; appeals to be used (emotional, rational or ethical) (ii) message structure – how to say it logically (iii) message format – how to say it symbolically (iv) message source – who should say/source of the message. A source having expertise, trustworthiness and likability is considered a credible source.

4. Selecting communication channels

Personal (people based) or non personal (non people based using mass communication tools) channels may be used to carry the communication message. Personal channel includes (i) expert channel - acknowledged individual experts promote the company's products (ii) advocate channel – person hired by the company advocates the product (iii) social channel – word-of-mouth communication among neighbors, friends or colleagues. Non personal channels include (i) media like print, broadcast, etc. (ii) atmospheres/environments designed to create buyers' leanings toward product and (iii) events designed to communicate particular messages to target audiences

5. Establishing communication budget

One of the tough decisions facing a company is to decide how much to spend on communication. Following percentage of sales method, promotional budget is set as percentage of current or forecasted sales or as percentage of sales price of the product. In affordable method budget is fixed at a level that the company can afford irrespective of sales or sales price of the product. It is subjective method in which the executive will decide the budget based on facts and figures. In competitive parity method promotion budgets are set to match competitors' outlay. Under objective and task method, tasks required to be done to achieve specific communication objectives are determined. The cost of performing these tasks are then estimated and promotional budget fixed accordingly.

6. Deciding on communication mix

The company has to divide the total promotional budget among the five elements – advertising, sales promotion, personal selling, public relations & publicity and direct marketing. Advertising is significant for consumer goods while personal selling is more useful in case of industrial goods. Advertising and public relations work better in generating awareness about the product while personal selling is required to create conviction and purchase action. Similarly during introduction stage of the product life cycle, intensive advertising is required to create awareness. Sales promotions will help induce early trial. Decline stage calls for more promotional offers to increase sales figures.

7. Measuring results and taking feedback

After sending the message the communicator must research its effect on the target audience. Measurement involves an understanding of whether the target audience remember the message or not, how many times and at what points they saw the message, their past and current attitudes towards the product and the company, how many liked the product, how many bought it and how many talked about it to others.

8. Managing and coordinating MC process

In this final step the company works out the roles that various promotional tools will play and the extent to which each will be used. Coordination of promotional activities and their timing is then required to modify the same according to PLC stage and thus improve efficiency.

Functions of Advertising

Customers

- Educating
- Easing the shopping process

Salesmen

- Supports salesmen

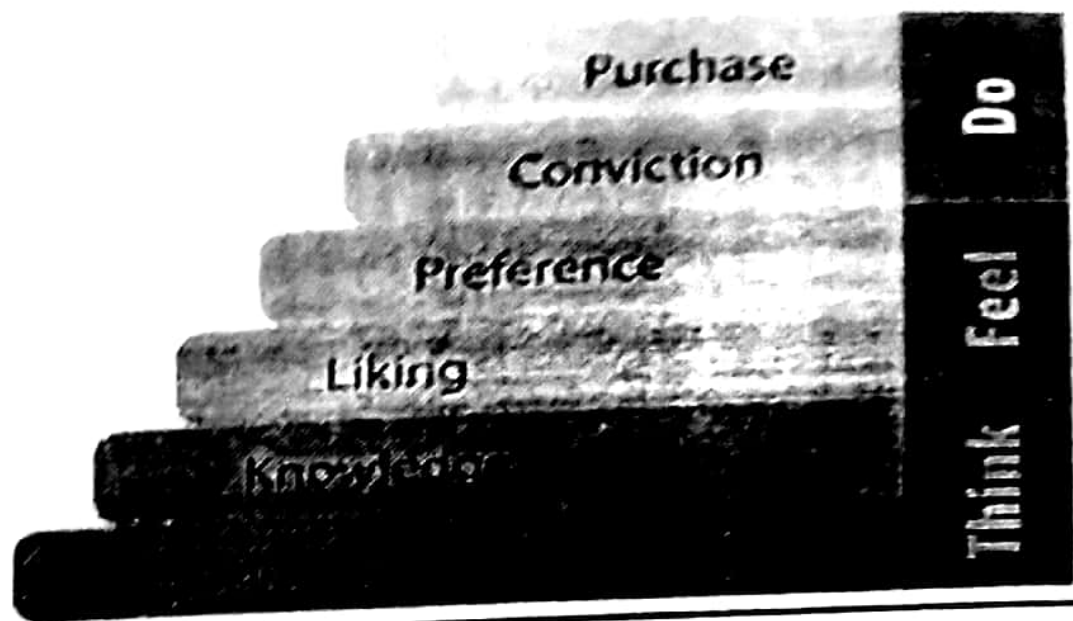
Society

- Employment generation
- Revenue generation for the media
- Improving standard of living
- Solving social problems

Objectives of Advertising (According to Philip Kotler)

- Inform (new uses/new products/price changes/product working/company image)
- Persuade (brand preference/brand switching/changing consumer perceptions/persuading to buy)
- Remind (future need for the product/where to buy/top-of-mind awareness)
- Reinforce (right choice/positive features)

Hierarchy of effects Model a.k.a. Buyer-readiness states by Lavidge and Steiner



The FCB Model of Advertising Strategy

- By Richard Vaughn in 1980
- Foote, Cone, Belding (FCB) strategy mix
- Suggests that advertising works differently for different products involved

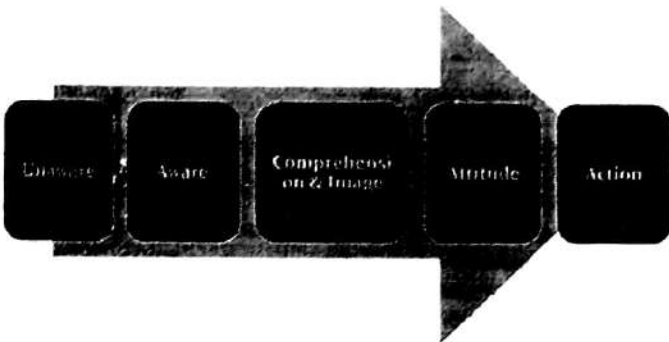
The FCB Model

- 2 dimensions of advertising strategy – thinking vs feeling & low involvement vs high involvement
- “there are purchase decisions where thinking is most involved and others which are feeling dominated; there are situations that require more involvement and those that require less
- Different versions of learn-feel-do sequence
- Informative, affective, habitual and satisfaction strategies

DAGMAR approach

- Defining Advertising Goals for Measured Advertising Results by Russel H Colley
- An advertising goal is a specific communication task to be accomplished among a defined audience, in a given period of time
- – from

DAGMAR approach - Communication task



DAGMAR approach - Specific

- Written, measurable task involving a starting point, a defined audience and a fixed time period
- For ex., to increase awareness (communication task) of brand X detergent from 20% to 70% (amount of change) within 2 months (time period) among housewives (target)

Behavioural dynamics in Advertising

- Desired behaviour from target audience
 - Inducing trial purchases of new customers i.e., attracting new customers from other brands and from other categories
 - Increasing share of requirements
 - Maintaining loyalty of existing customers i.e., increasing brand loyalty and reducing attrition rate
 - Increasing the usage rate

Setting Advertising Objectives

- Who is the target segment?
- What is the ultimate desired behaviour?
- How can advertising help in achieving the desired behaviour?

Advertising Management

Unit-II

Functions of advg; objectives of advg – sales as objective, operational objectives, communication objectives; Hierarchy of effects, FCB Model, DAGMAR approach; behavioral dynamics - Increase Share of Requirements (SOR), Increase Brand Loyalty, Reduction of attrition, Increase Usage, Brand awareness Comprehension, Image, Personality, Brand attitude, Use experiences

Benefits/Functions of advertising

To the Manufacturers

1. **Introduction of new product:** Advertising helps the manufacturers in new product introduction by creating awareness about the new product, and gaining it acceptance. By providing information about the new product, advertising stimulates the interest of consumers and persuades them to buy it.
2. **Steady demand:** Advertising helps the manufacturers to create regular demand by smoothening out seasonal and other fluctuations thus enabling regular production.
3. **Promotes new uses of the product:** Advertising helps in expanding the consumer base by promoting new uses of the product. For ex., Dabur Honey ads show that honey can be used for maintaining good figure, to remain healthy and can be put on bread slices and ice creams. By promoting different uses of the product, advertising enables consumption of the product at a variety of occasions, thereby increasing product usage and ultimately, increased sales of the product. Similarly, ads of Dettol show that it can be used not only as an antiseptic lotion but also at other occasions – it can be mixed in water to do manicure and pedicure, in bathing water during summers to fight prickly heat.
4. **Economies of scale:** advertising helps in maintaining a steady demand for products throughout the year. It also helps in expanding the customer base by entering new markets and by promoting new uses of the product. All this helps in maintaining regular production throughout the year. As a result, several economies of scale become available and cost of production per unit is reduced.
5. **Meeting competition:** Advertising helps a firm in facing competition in the market. Advertising helps in attracting customers towards a brand by highlighting the strong points of the brands vis-à-vis the competing brands. By creating brand loyalty, it helps a firm to maintain sales and market share.
6. **Corporate image:** Advertising helps in creating a good corporate image of the firm and reputation for its products. A favorable image enables a firm to fight competition in the market and secure repeat order from customers. It is thru effective advertising that names like Reliance, Airtel, ICICI have become household names.

To the Customers

1. **Education of customers:** Advertising provides information to the customers about new products and their diverse uses. Consumers are educated about the proper use of the product, the prices at which they are available, various promotional offers on the product, etc. Some ads increase the knowledge of public in general. Ex., the ads of water purifiers educate the public about the benefits of safe drinking water.
2. **Convenience in shopping:** Advertising makes shopping convenient for the customers by reducing the time and effort involved in shopping. Customers are made aware about availability of different brands in the market and their specific features. This helps them in making their preferred choices much before they actually go to a shop and purchase the product.
3. **Lower prices:** Effective advertising leads to reduced costs due to large scale production and economies of scale. The benefit of the reduced cost per unit is available to the consumers in the form of reduced prices of the products.

Benefits to the Salesmen

1. **Supports Salesmen:** Advertising provides great support to salesmen. If the brand is popular, it becomes easy for salesmen to take entry in the door of prospective customer and convince him to purchase the product. Advertising prepares the necessary ground for the visit of salesmen by familiarizing the customers with the product and its uses. Thus, it becomes easy for the salesmen to convince the buyers. The salesmen can sell the product with much ease if the product is well advertised.

Benefits to the Society

1. **Employment Generation:** Advertising provides direct employment to a large number of people engaged in designing, writing and issuing advertisements. These include copywriters, graphic designers, media planners, production houses, and advertising agencies. Indirectly, advertising increases employment opportunities by increasing the sales volume of production and distribution.
2. **Standard of living:** Advertising improves the standard of living of people by providing new and improved products at reasonable rates. It educates people about these products and provides information for developing better way of life. For instance, advertisements of microwave ovens show how a couple can cook the food quickly by using the product.
3. **Sustains the press:** Advertising provides an important source of revenue to the press. As a result, newspapers are available to the public at a lower cost. This helps in increasing their circulation. Without advertising, it will be difficult for the press to sustain itself as majority revenue comes thru advertising, and not thru sales revenue.
4. **Helps to solve social problems:** Social advertising helps to fight social problems like drug addiction, gender bias, female feticide, illiteracy, etc. Idea ads, for example, are designed

to highlight social problem like casteism and illiteracy. Some social ads also motivate public for eye donation, communal harmony and national integration.

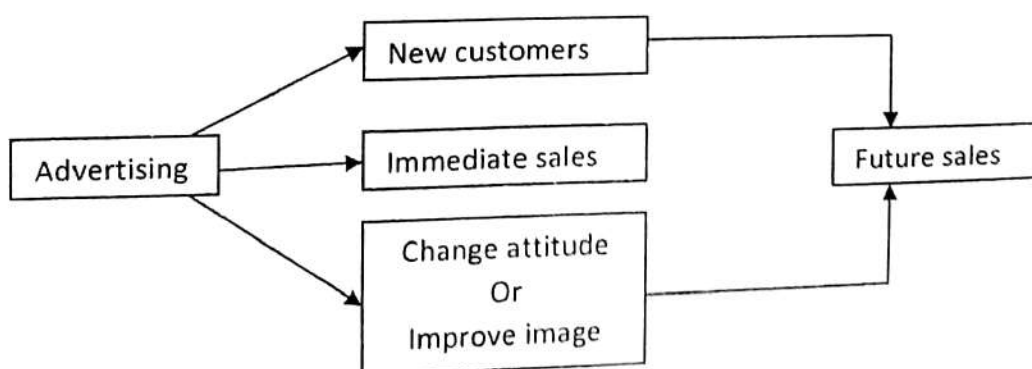
Objectives of advertising

- Objectives serve as communication and coordination devices. They are the vehicles by which the client, the agency account executive and the creative team communicate. They coordinate the efforts of such groups as copy writers, radio specialists, media buyers and research specialists.
- Objectives provide a criterion for decision making. If two alternative campaigns are generated, executives must be able to turn to objectives and select the criterion that will most readily achieve them.
- Objectives help evaluate results like market share or brand awareness associated with the objectives. At the end of the campaign that pre-selected measure is employed to evaluate the success of the campaign.

Sales as an objective

Objectives that involve an increase in immediate sales are not operational in many cases as

- (i) Advertising is only one of many factors influencing sales and it is difficult to isolate its contribution to those sales. The other forces include price, distribution, salesforce, packaging, product features, competitive actions and changing buyer needs and tastes. It is extremely difficult to isolate the effect of advertising.
- (ii) The contributory role of advertising often occurs primarily over the long run. Impact of advertising may not be known for a long time. Impact of a six months campaign, for instance, may be felt twelve months later. Advertising might attract buyers who will be loyal customers for several years, or it might start the development of positive attitudes or brand equity that culminates in a purchase much later.



Thus, advertising objectives that emphasize sales are usually not very operational because they provide little practical guidance for decision makers.

Operational objectives

Operational objectives provide criteria for decision making standards against which to evaluate performance and serve as communication tool. Short run sales do not provide the basis for operational objectives for 2 reasons (i) Advertising is only one of the many factors influencing sales (ii) the impact of advertising often occurs primarily over the long run.

The development of more operational objectives involves 3 considerations (i) behavioral decision/action that advertising is attempting to influence a need to be analyzed like visiting a retailer, trying a new brand, increasing usage levels, increasing share of requirements, maintaining brand loyalties or donating money to a charity. (ii) communication and decision process that precedes and influences that behavior like awareness, image or attitude should be examined (iii) target segment needs like usage, benefits sought, awareness level, brand perceptions, lifestyle needs to be specified.

If immediate sales do not form the basis of operational objectives then firms have to answer the questions like (i) who is the target segment? (ii) what is the ultimate behavior within that segment that advertising is attempting to precipitate, reinforce, change or influence? (iii) what is the process that will lead to the desired behavior and what role can advertising play in the process? Is it necessary to create awareness, communicate information about the brand, create an image or attitude, build long term brand equity and associations or associate feelings or a type of user personality with a brand?

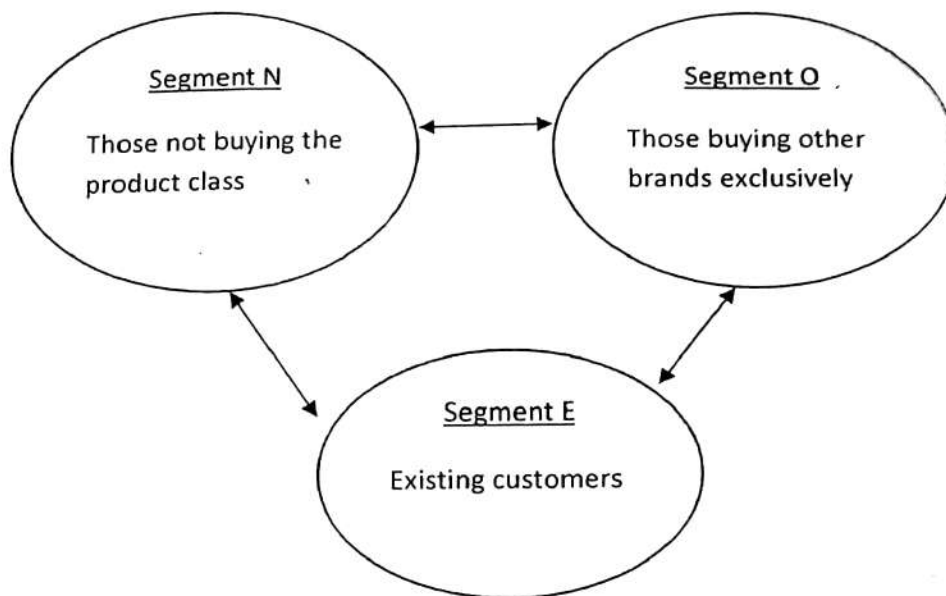
The first step is to identify the target audience. These may not always be the end users. The objective may be to motivate employees like LIC agents or distribution channels or increase favorability among stakeholders such as financial stock analysts, government regulators, stock holders and so on.

Second step is the analysis of ultimate desired behavior such as trial purchases of new customers, maintain loyalty of existing customers, creation of more positive use experience, reduction of time between purchases, increase the use-up rate, or the decision to visit a retailer as well as what is the value the desired behavior. Value of attracting a new customer to try a brand will depend upon the likelihood that the customer will like the brand and rebuy it also known as lifetime value of a customer. Does this LFTV exceed the acquisition cost of a new customer? Based on this analysis what kind of behavioral change in what kind of target segment will give us the highest return on marketing investment?

Third step is the analysis of communication and decision process that will lead to the desired behavior in the targeted segment. These are called intervening variables and refer to a wide range of mental constructs such as awareness, brand knowledge, emotional feelings and attitude. For instance, a key variable in influencing a new consumer to try a brand is to inculcate high levels of brand awareness. The best way to maintain loyalty is to strengthen an attitude. Even though the end goal is behavioral, the operational objective should be specified in terms of one or more of such intervening variables.

Behavioral dynamics

An increase in sales or an increase in product use comes from (i) New customers from other brands (ii) New customers from other categories (iii) Increasing share of requirements



New customers from other brands

For increasing size of segment E one approach is to attract members of segment O to try our brand. Such an effort may be difficult if the other brands are performing satisfactorily. Therefore find out which existing users of the competing brand are the most dissatisfied with it and target these switchable consumers. For example, credit cards 'user rewards' feature superior to competing brands and then convert those customers seeking good rewards.

The next step is to try 'heavy user strategy' - to acquire those customers of competing brands who are most likely to grow their sales volume in the years to come.

Customers who buy on deal are another key variable. They make less money for the company. Campbell soup found that 4% of soup customers bought less often on discount. These are the most profitable to target.

Companies should also target customers who are most likely to influence others. Nike targets coaches of athletic teams to wear its athletic shoes because of the visibility impact that has on other athletes and fans.

New customers from other categories

Companies should attract people from segment N – those not using the product class. Pepsi might find it easier to get young office drinkers to switch from coffee to Pepsi (they actually tested a high caffeine version called Pepsi AM) than it is to get coke drinker to switch to Pepsi. Dannon Yogurt ads show the product as being used as baked potato topping instead of sour cream. Such an approach is called primary demand approach and is worthwhile for a large firm which can easily attract customers just entering the product category. If a smaller firm instigates primary demand, there is a risk that the customer may enter the product category and buy a bigger brand.

A smaller cellular phone manufacturer, for example, might waste its money if it ran ads telling people why cellular phone in general were useful for personal/business reasons. A consumer seeing those ads might decide that he needs a cellular phone, but might end up buying the better known brands like Nokia, Motorola, Samsung, etc. Smaller firms should therefore, be content to let larger firms to attract people from segment N and confine themselves to obtaining new customers from segment O. this is called secondary demand strategy. Such ads would focus not on why cellular phones were useful but why this brand is better than Nokia or Motorola.

Increasing Share of requirements

Many product categories have switchers – customers having more than one preferred brand. Total category requirements are allocated over one of these few brands based on discounts, habits, so on. It is possible to convince these customers to become more loyal. Customers may, for example, buy three different brands of soaps in a month or charge purchases to one of three different credit cards in a month. So it makes sense for a cad to try to increase its share of wallet. Citibank may run a promotion that states 'every time you charge purchase to our card, you are automatically entered into our sweepstakes. So make our card the one you use'. Advertising task here is not one of getting a new user but of increasing that existing user's share of requirements going to that particular brand. If target consumers are unaware of brand advantages then this task is feasible. But if they are convinced that several brands are equal then the effort may be difficult and costly.

Defensive strategy – increasing brand loyalty, reducing attrition and price elasticity

The firm is not the only one advertising. Competitors also advertise trying to steal customers away thus increasing their own share of requirements. Hence, an important task of advertising is to reinforce the loyalty of existing users. Flow of customers from segment E to segment O and that from segment E to segment N (coffee drinkers to drinking some other beverage) should be reduced. The goal is to maintain the loyalty of segment E customers and increase their repurchase rates thus reducing the likelihood that they would begin to buy other brands and ultimately move to segment O. advertising should remind them of important features of the brand or to reinforce the use experience. Premiums requiring multiple proofs of purchases might

Model	Advertising variable	Intervening variables
A	Advg→	Brand Awareness →
B	Advg→	Brand Awareness→
C	Advg→	Brand Awareness→ Knowledge of Brand Attributes→
D	Advg→	Knowledge of new Application→
E	Advg→	→

role is to be prominent in people's minds for such "no-thought" products to generate top of mind awareness.

2. Brand comprehension

One more task of advertising is to communicate facts about the brand. Audience's perceptions of these attributes influence its brand comprehension. Trial purchase is not only dependent on brand awareness but also on learning about a key brand attribute.

C: Perception of brand attribute is measured by asking respondents and measuring on a continuum.

Strongly Agree +3 +2 +1 0 -1 -2 -3 Strongly Disagree

D: Advertising helps to communicate new application. Arm and Hammer Baking Soda is advertised as a product than can be used to deodorize refrigerators. % of households who used the product for this application went from 1% to 57% in 14 months. Later campaigns suggested its use as a sink, freezer and cat litter deodorizer.

E & F: Industrial content advertising supports salesforce by creating inquiries or by communicating information about the company. Its impact is measured in terms of reception that a salesperson receives, particularly on early visits.

3. Brand Image and Personality

Brand image and personality refer to types of associations that the brand develops with a type of person or even another product.

G: Charlie perfume was a perfume designed around a very specific type of female lifestyle.

4. Brand Attitude

Brand attitude represents the like-dislike feeling toward a brand.

H: attitude leads to loyalty. Attitude can be measured in a variety of ways – based on brand comprehension which is derived from perceptions of the brand with respect to specific attributes and characteristics. Another is to use the like-dislike dimension as with the scale

Dislike -3 -2 -1 0 +1 +2 +3 Like

Another alternative is to measure behavioural intentions like % of customers who will say they will 'definitely' or 'probably' buy this brand.

5. Associating feelings with Brands or Use experience

Sometimes advertising objective may be to create feelings of warmth, energy, fun, anticipation, fear or concern and associate those feelings with the brand and use experience.

I: 'Feeling response to advertising' measures how audience members feel when being exposed to a commercial, how they liked the commercial, how they liked the commercial and their experience with the brand. If advertising is liked, it should impact upon the use experience.

6. *Multiple objectives*

J: Awareness can lead to trial purchase directly or thru the creation of attribute knowledge and brand attitude.

When it is necessary to deal with multiple objectives, these multiple objectives could require more than one advertising message, sequenced as a part of an ad campaign. Multiple objectives could involve more than one target audience or there might be two communication tasks for the same target segment.

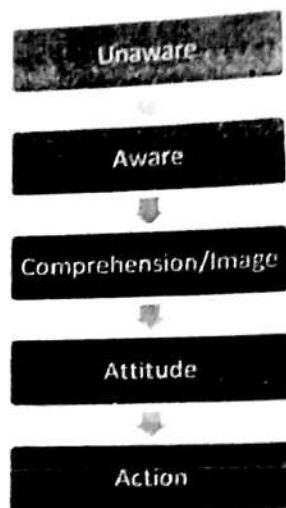
DAGMAR Approach

In 1961, Russell H Colley first wrote about DAGMAR Approach – Defining Advertising Goals for Measured Advertising Results. The book includes a precise method for electing and qualifying goals and for using those goals to measure performance.

An advertising goal is a specific communication task to be accomplished among a defined target audience, in a given period of time.

A communication task is involved as opposed to a marketing task and that the goal is specific, involving an unambiguously defined task, among a defined audience, in a given time period.

Communication task is something that advertising, by itself, can reasonably hope to accomplish. DAGMAR approach suggests that there is a series of mental steps thru which brand/object must climb to gain acceptance.



- An individual starts at some point by being unaware of a brand's presence in the market. initial communication task of the brand is to increase consumer awareness of the brand and thus advance the brand one step ahead in the hierarchy.
- Second step of the communication process is brand comprehension and involves the audience member learning something about the brand - what are the brand's specific characteristics and appeals, including associated imagery and feelings, in what way does it differ from competitors, whom is it supposed to benefit, etc.
- Next step is attitude (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.

Thus, as per DAGMAR approach, advertising objectives are nothing but communication tasks to be accomplished. These communication tasks are nothing but the intervening variables. DAGMAR approach assumes that focus on these intervening variables – awareness, comprehension and conviction (communication tasks) will lead to action.

- A specific task: Another important concept of DAMAR approach is that the advertising goal should be specific. It should be a written, measurable task involving a certain point, a defined audience and a fixed time period. Thus, an advertising goal for a manufacturer of brand X of detergent could b set as follows:
To increase awareness (communication task) of brand X of detergent from 20% to 70% (amount of change) within 2 months (time period) among housewives (target).
- Measurable procedure - Goals must be specific and also describe measurement procedure. When the goal is Brand comprehension, for instance, exactly what appeal/image is to be communicated?

Ex: to increase brand comprehension of a high protein cereal consumers may be asked to "rank" few cereal brands as to protein content. Brand comprehension could be quantified to mean % of consumers who gave it rank 1.

- Benchmark – Whether existing image needs to be changed, reinforced, diffused or sharpened. Have benchmarks before determining the goals.
- Target audience – Target audience be well defined. For example, if the goal is to increase awareness then define the target audience precisely. Increase awareness among the heavy user segment from 25% to 60% in a certain time period. Campaign execution will normally depend on the identity of the target segment. The heavy user group will likely respond differently from a segment defined by a lifestyle profile.
- Time period – The objective should have a particular time period, such as 6 months or 1 year. With a time period specified, a survey to generated a set of measures can be planned and anticipated. All parties involved will understand that the results will be available for evaluating the campaign, which could lead to a contraction, expansion or change in current effort.
- Written goals – Goals should be committed on paper. Shortcomings/misunderstanding become clear.

DAGMAR approach – challenges

- Sales goal – Some people believe that only a sales goal is relevant. If awareness doesn't affect sales, then why bother to measure it? If it does have a close relationship with sales then why not measure sales directly? Especially in an era where measuring sales has become much easier using scanner data panels.
If sales effects have flaws, then use of intermediate objectives has serious flaws too. DAGMAR approach assumes that relationship between sales and intermediate objectives is positive and monotonic and that this applies to all customer segments equally. This may not hold true in all situations.
- Practicability – DAGMAR approach has implementation difficulties. A level in the hierarchy must be attacked and selected. A campaign to influence those at that level must be developed. This is not an easy task.
- Measurement problems – What should be actually measured when it says attitude/awareness/brand comprehension? There are substantial conceptual and measurement problems.
- Noise in the system – There are several causal factors other than advertising that determine sales. Competitive promotion or unplanned publicity can affect awareness campaign.

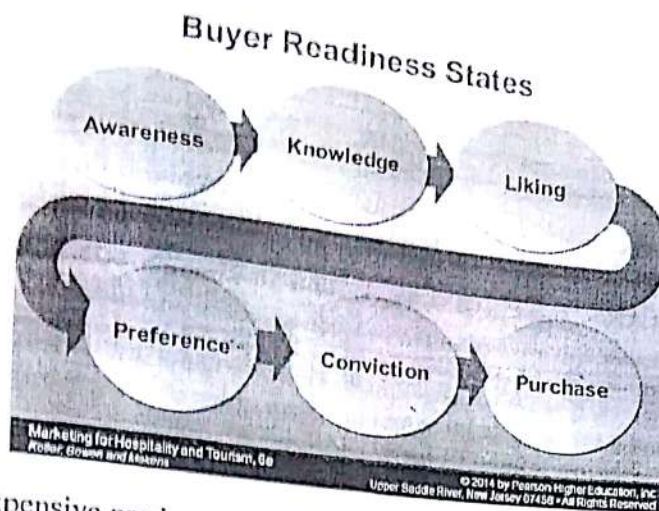
Hierarchy Models

A communication model which implies that the audience member will subsequently pass thru a set of steps, is termed as hierarchy – of – effects model.

I. AIDA Model suggested by Elmo Levis in 1920s says that an effective personal sales presentation should attract Attention, gain Interest, create a Desire and precipitate Action. The first stage is cognitive stage which involves thinking, next 2 stages are affective in nature dealing with feelings and the last stage is conative - about action.

- Attention – Grab attention
 Inform potential buyers about the product
 Establish customer awareness about the product
Advertising is the key ingredient of the promotion mix; promotional objective is set to get the product seen and talked about.
- Interest - Create and stimulate buyer interest which is achieved thru creation and understanding of the benefits of the product with respect to the needs of the customer; promotional messages should focus on how the product meets these needs; move the potential buyer from passive awareness to a more active consideration of the product's merits
- Desire - Create desire by inducing favorable attitude to the product specially with respect to competing products; arouse desire for the product above any desire for competitor's products
- Action- To prompt customer action; the action sought is product purchase; stressing immediate desirability of the product; personal selling and sales promotion play a major role at this stage.

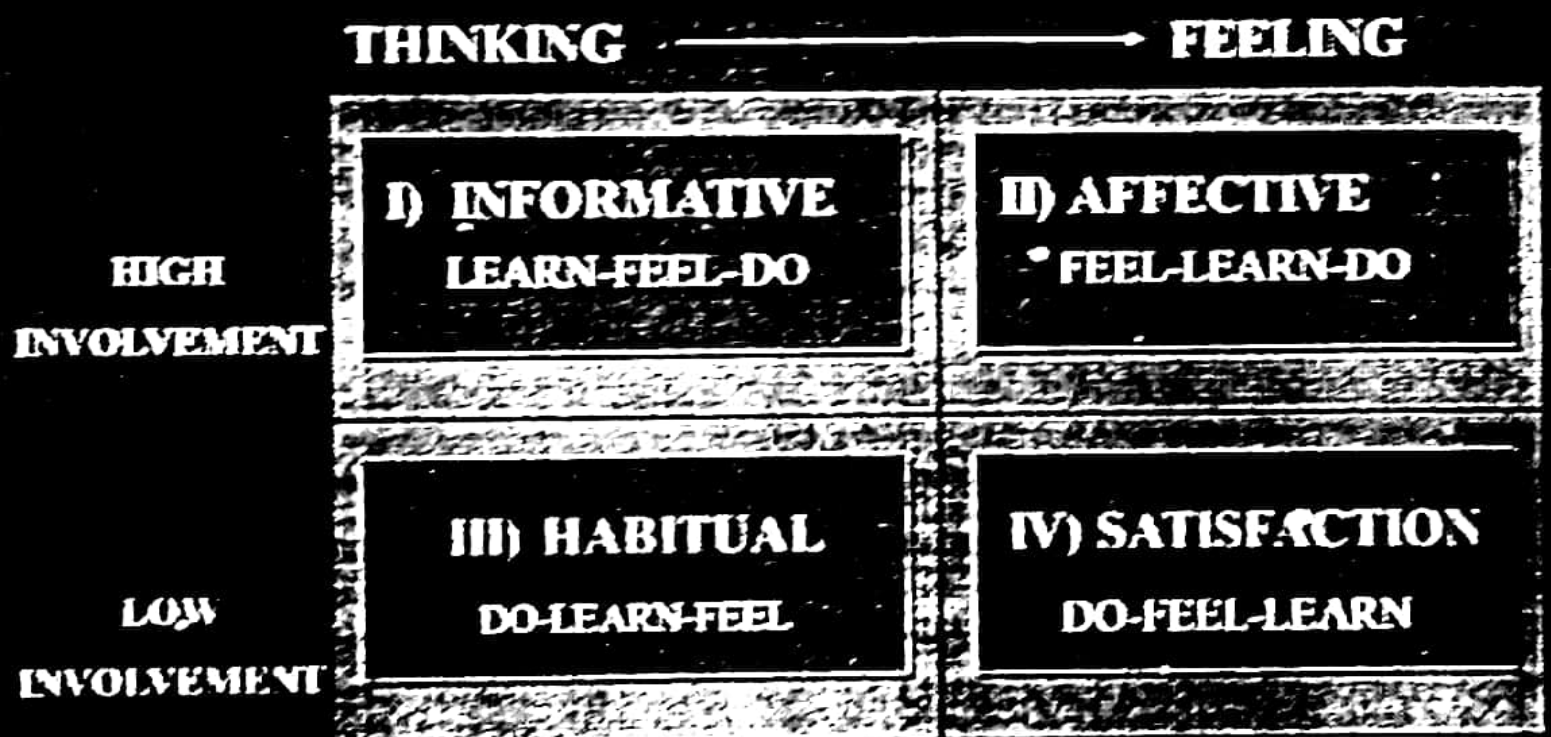
II. Hierarchy of Effects Model (also known as "Buyer readiness States" model) was proposed by Robert Lavidge and Gary Steiner. They believed that advertising has long term effects rather than immediate effects. But to move people to the action stage, there has to be shorter term action to build conviction.



For innovative and expensive products, the process might take months; for impulse purchases these stages can be completed in very short time. The effectiveness of promotion should be measured in terms of progress through these stages.

- **Awareness** – If most of the target audience is unaware of the object, the communicator's task is to build awareness, perhaps just focusing on name recognition, with simple messages repeating the product name. Consumers must become aware of the brand. This isn't as simple as it seems. Capturing someone's attention doesn't mean they will notice the brand name. Thus, the brand name needs to be made focal to get consumers to become aware.
- **Knowledge** – The target audience might have product awareness but not know much more; hence this stage involves creating brand knowledge. This is where comprehension of the brand name and what it stands for become important. What are the brand's specific appeals, its benefits? In what way is it different than competitors' brands? Who is the target market? These are the types of questions that must be answered if consumers are to achieve the step of brand knowledge.
- **Liking** – If target members know the product, how do they feel about it? If the audience looks unfavorably towards the product, the communicator has to find out why. If the unfavorable view is based on real problems, a communication campaign alone cannot do the job. For product problem, it is necessary to fix the problem and only then one can communicate about its renewed quality.
- **Conviction** – A target audience might prefer a particular product but not develop a conviction about buying it. The communicator's job is to build conviction among the target audience.
- **Purchase** – finally, some members of the target audience might have conviction but not quite get around to making a purchase. They may wait for more information or plan to act later. The communicator wants these consumers to take final step, perhaps by offering the

Advertising to fit FCB Grid requirements



identified 250 product categories for recently purchased products on the basis of involvement and the think-feel dimensionality. The grid suggests a different advertising strategy based on the level of thinking/feeling and involvement associated with each of the four quadrants. Vaughn is careful to point out that the line separating the quadrants should not be interpreted as a black and white distinction between thinking and feeling or high involvement and low involvement. Rather, it simply represents a guideline.

Quadrant 1: High involvement/Thinking (Informative)

This quadrant implies that a large amount of information is necessary because of the importance of the product. Many major purchases qualify (cars, homes, electronic equipment) and these are likely to include almost any product which needs to convey what it is, its function, price and availability. The basic strategy model is to adopt the Learn-Feel-Do sequence where information is designed to build attitudinal acceptance and subsequent purchase. Vaughn suggested, "consumers may be thought of as thinkers. Creatively, specific information and demonstration are possibilities. Long copy format and reflective, involving media may be necessary to get thru with key points of consumer interest".

Quadrant 2: High involvement/Feeling (Affective)

This product decision has high involvement but requires less specific information, therefore and attitude or feeling towards the product is more important. This is a psychological model, because the importance of the product is connected to the consumers' self esteem. Perfume, expensive watches, and sports cars are product examples that might fall into this quadrant. The advertising strategy requires emotional involvement on the part of the consumers so that they become connected with the product being advertised and subsequently become 'feelers'. Therefore, the proposed model is Feel - Learn - Do. Vaughn suggested "Creatively, executional impact is a possible goal, while media considerations suggest dramatic print exposure or "image" broadcast special.

Quadrant 3: Low involvement/Thinking (Doer)

Products in this category (including many common household items such as razors, insect repellants, and household cleaners) involve little thought and a tendency to form buying habits for convenience. The hierarchy model is a Do - Learn - Feel pattern suggesting that simply inducing trial (through coupons or samples) can often generate subsequent purchase more efficiently than "undifferentiating copy points", leading in turn to increased brand loyalty. According to Vaughn, the most effective creative strategy is to stimulate a reminder for the product.

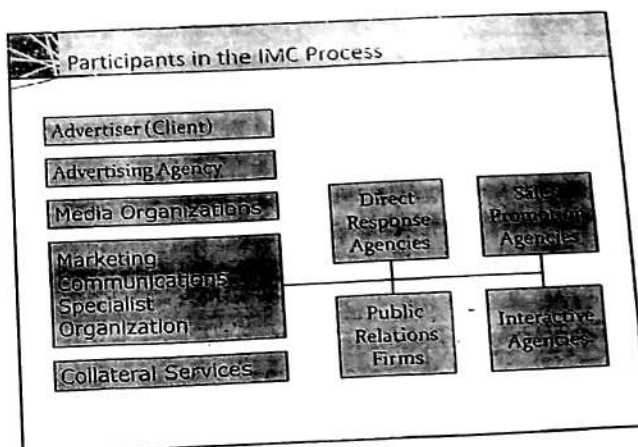
Quadrant 4: Low involvement/ Feeling (Self-satisfaction)

This product decision is emotional but requires little involvement, and is reserved for those products that satisfy personal taste (for example, cigarettes, candy, beer or snack food). This is a Do - Feel - Learn model where image and interest will be hard to hold. Vaughn argued that the creative objective is to get attention with some sort of consistency, and suitable methods may include billboards, point of sale or newspaper advertising.

Thus, the model helps the advertisers to select the communication method based on the type of product that they are advertising.

Unit –III: Organizing for Advertising and Promotion

Participants in the IMC process – Advertiser, Ad Agency, Media Organizations, Marketing Communication Specialist Organizations, Collateral Services; Role of Ad Agency, Types of ad agencies; creative services, other agencies like Creative Boutiques, Media Buying Services, Commissions from Media, Fee, Cost & Incentive based systems, Evaluating agencies, Specialized services



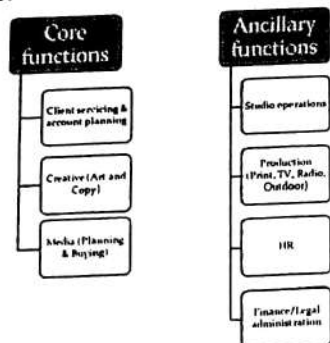
Advertising Agencies

- An ad agency is an independent business organization which undertakes the work of planning, preparing and executing advertising campaigns for its clients
- According to Philip Kotler "Advertising agency is a marketing service firm that assists its clients in planning, preparing, implementing and evaluating various activities of advertising campaign"
- Planning, preparing, execution

Ad agency ...

- Is an independent business
- Works for clients
- Has creative people
- Provides various services
- For a charge/fee

Functions of an Ad agency



Types of Ad agencies

- Full service agencies
- Specialized agencies or Limited service agencies
- Creative Boutiques
- Media Buying agencies
- In house agencies
- Marketing service agencies

Agency compensation

- Commission
 - Fee
 - Percentage charges
 - Incentive based system
-

Specialized services

- Direct Response Agencies
- Public Relations Firms
- Sales Promotion Agencies
- Activation Agencies
- Interactive/Online Marketing Agencies
- Market Research Agencies

This definition offers clues as to why so many advertisers hire ad agencies:

- Agencies are independent organisations (not owned by the advertiser, the media or the suppliers), so they bring an outside, objective viewpoint to the advertiser's business.
- Agencies employ a combination of business people and creative people.
- The agency provides yet another service by researching, negotiating, arranging, and contracting for commercial space and time with the various print and electronic media. Because of its media expertise, the agency saves the client time and money.

According to *Philip Kotler*, "Advertising Agency is a marketing service firm that assists its clients in planning, preparing, implementing and evaluating various activities of advertising campaign."

According to *Rozer and Borton*, "Advertising agency is a group of persons who have a specialization in advertising. It includes ad copywriters, ad designers, media selectors and advisors for various advertising issues."

FEATURES OF AN ADVERTISING AGENCY

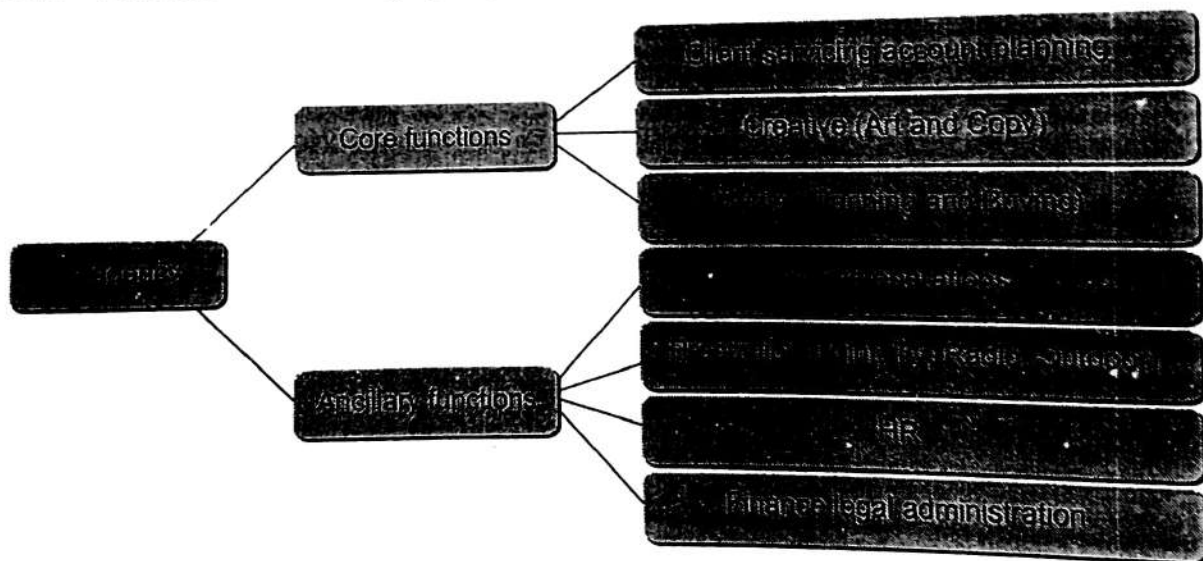
From the foregoing analysis, it can be said that an advertising agency has the following features:

1. It is an *independent business* organisation, owned independently, and not by the advertiser or the media.
2. It *works for advertisers/clients* seeking to find customers for their goods and services.
3. It is *composed of creative people* like writers, artists, market analysts, researchers, media experts, etc. They combine their talent to create effective advertisement for the client.
4. An ad agency *serves its client by providing various services* like planning, preparing and implementing various activities of an ad campaign, media research, consumer research, follow up of ad, measuring the advertising effectiveness etc.
5. It *charges fee and service charges* from its clients. It also takes commission from media in which it issues advertisements.

5.3.2 Functions of Ad Agencies

Every organization's functions can be divided into a set of **core** and **ancillary**, or non-core, functions. Ad agencies are no exception. The following chart (Figure 5.1) illustrates various functional areas of a typical ad agency, which we shall discuss in detail.

FIGURE 5.1 Functions of advertising agency.



5.3.2.1 Client Servicing / Account Planning

"If the customer wants vanilla, give them vanilla." Understanding a client's needs, goals and requirements are the first step towards a successful advertising campaign. From the initial interaction to campaign completion, account management is a vital function of an ad agency. Client servicing begins by obtaining a brief from the customer. The client servicing representative interfacing with the client has to understand their marketing strategy and interpret it into a suitable advertising campaign strategy. Client servicing representatives have also to interface with the agency's creative department, bringing ideas back and forth between the two parties.

It is not an easy job. Client servicing can be an exceedingly time and energy consuming activity. An excessive shuttling of ideas tends to cause both parties to lose focus and stray away from coming to a conclusive and cohesive advertising strategy. To keep things moving towards a common objective, ad agencies have instituted a function equally important to client servicing, known as **account planning**. Account planning brings a consumer-oriented, focused approach towards evolving an appropriate advertising campaign. Many ad agencies have opted for a distinct account planning function, along with client servicing. Individuals who have more of a research-oriented mindset make for better account planners, while those with good interpersonal communication skills and marketing acumen are better tuned to client servicing.

5.3.2.2 Creative (Art and Copy)

In the minds of people, the most common conception of an ad agency are a bunch of creative artists huddled together in a room coming up with one bright idea after another. An agency's creative team produces all the content – billboards, print ads, TV commercials, radio jingles—that is eventually disseminated to the intended target audience.

It is hard to stereotype an agency's creative department, especially when creativity flies in the face of rules and well-established traditions. Creative departments work more in flat teams, consisting of individuals responsible for **visual elements and written matter**. Copywriters work on generating all the written matter, whereas art persons come up with all the visual elements. However, nothing can be stereotyped when it comes to creativity. There have been many instances where good headlines have originated from art directors and stunning visual ideas have sprung from copywriters!

Leading the creative department is the **creative director**, who possesses a blend of both visual art and written copywriting skills. Creative directors, or CDs in the ad world parlance, have the ability not only to guide the copy and art streams but also to single-handedly visualise and write ad campaigns.

5.3.2.3 Media (Planning and Buying)

It is the activity of the media department that brings the commercial focus into an ad agency. The media department decides a client's spend on a campaign across various media.

There are two key individuals at work in a media department. **Media planners** prepare a media plan based on the client's brief aligned with all available media data. Media buyers seek good rates from the media, through a balance of strong relationships and tough negotiations. With a plethora of media options opening up and media rates changing dynamically, it often happens that media planning is heavily influenced by the rates and economics, rather than it being the other way around.

Media department organizations are quite similar to other departments. They are typically led by a VP media or a media director, with media planners and media buyers reporting to them. Media management has become so competitive that many media departments have spun off as their own businesses as independent media houses. In India, Group M, Madison Media, Carat, Starcom and Optimum Media Solutions are such examples.

5.3.2.4 Ancillary Functions

- *Studio Operations:* Up until the late 90s, ad agencies had a sizable in-house studio to prepare the output of the creative department into a print or broadcast ready format. Today, studio

- operations have shrunk thanks to the advent of the “studio-in-a-box” – the increasingly powerful desktop computer! Almost all creative material is digitally produced, and studio software has made it very easy to transform the creative material into media ready formats.
- *Production (Print/TV/Radio/Outdoor)*: Media production is usually an outsourced function. Usually these jobs are assigned to printmakers and film producers. An agency’s production department works mainly in co-ordinating production tasks with external suppliers.
 - *HR*: A small yet vital function to an ad agency, human resources look after recruitment, induction, training and development of the agency’s employees. HR also looks after their performance appraisal and compensation. In an increasingly competitive industry, it is the individuals who make the vital difference. Spotting and retaining talent is a very challenging function.
 - *Finance/Legal Administration*: The importance of this oft overlooked function comes to light during times of adversity. Clients who default payments, legal issues brought forth by regulators or consumer complaints, and other money and regulatory matters are handled by the finance and legal administration department. It is this department that keeps a roof over everyone’s heads in the agency.

5.3.3 Centralized vs. Decentralized Agencies

As an ad agency grows in size and business, it is inevitable that satellite branches are set up. The first and foremost concern is to be located in the same geographical vicinity as the client’s business and target audience. At such a juncture, agencies have to decide whether to follow a centralized or decentralized approach in handling their business.

In a centralized approach, most of the core functions such as the media and creative departments are retained centrally, while client servicing is distributed to all branch offices. A decentralized approach calls for having full service teams located all their key branch locations.

There are no set guidelines on whether to follow one approach or another. The two factors that should influence this decision are the agency’s business needs and the agency’s corporate culture. Does the management like to retain key functions at the centre, or does the management feel comfortable in choosing and assigning employees with an entrepreneurial bent of mind to run branch offices? Is excessive back-and-forth communication between the branch offices and the headquarters, resulting in delays and lack of timely productivity? These would be the types of issues debated upon when deciding a centralized approach over a decentralized one, or vice versa.

5.3.4 Agency Compensation

Historically, advertising agencies have been receiving 15% commission on the media releases done by them. Some agencies have even charged commissions on the jobs outsourced by them – photography, film production, etc. This system came into force because agencies started off as “agents” making media buys for their clients. The commission system is still prevalent in many agencies today, but its rationale is being questioned today and there are increasing pressures to revise the commission percentage downwards. Instead, a flat rate structure is becoming more popular where agencies maintain a rate card for the various services they provide. Table 5.2 shows the rate card for one such startup advertising agency. Flat fees may also be in the form of a monthly retainer or a project-based

5.2 PLAYERS IN THE COMMUNICATION WORLD

5.2.1 The Advertiser/Communicator/Client

The person or organization that has a product to advertise, the funds to pay for it, and that kicks off the communication process is called an **advertiser**. The advertiser can be more appropriately called the **communicator**, since in today's world many more tools of communication besides advertising are employed. When a communicator takes help of an outside agency to create and execute campaigns, it becomes a **client** or an **account** of the agency – a term popularly used to refer to advertisers. The client is responsible for deciding the purpose of communication, the markets to reach, the budget size, etc. and is the final authority on approving a communication campaign. Sometimes, the communicator may have an internal promotions department that may either substitute for an outside agency, or work alongside it.

Year on year, communicators have been spending healthy sums on advertising. As mentioned in Chapter 1, according to the Pitch-Madison Advertising Review, the ad spend in all major media in 2011 was Rs. 25,594 crore, with a growth rate of 8% over 2010, and nearly 45% over 2007. According to Group M, among India's leading advertisers in 2010 by media spend were companies like HUL, P&G, ITC, Reckitt Benckiser, Cadbury, Tata Motors, etc. The Government of India is also one of the largest advertisers in India spending liberally through various public service campaigns. Its spend of Rs. 750 crore during 2010–11 was divided among various media such as audio-visual (Rs. 350 crore), print (Rs. 350 crore), outdoor, and even mobile and new media. The ad spend is increasing steadily at a healthy rate of 10–15% annually.² Thus, the communicator is the source of business for an agency. In section 5.3, we shall discuss the typical structure of a marketing communication organization.

5.2.2 The Agency

Marketing communication agencies are in the business of creating, producing, placing, and managing communication campaigns for their clients. Being independent from the client, they can provide unprejudiced view to a communication problem, and an objective and dispassionate view of the product and market conditions. In addition, it is for their professionalism, expertise and competence in creating campaigns that they are hired by the clients. Agencies may be categorized as follows:

- **Full-service Agencies:** Full-scale agencies typically have creative and strategic expertise, research services, media planning capabilities, and production capabilities. In addition to advertising services, full service agencies may also offer other services such as strategic market research and planning, sales promotion, direct marketing, public relations, digital marketing, event management, etc. Companies see several advantages in retaining full-service agencies. Since media planning is integrated with creative design work, media personnel also participate in the creative thinking process and the agency is able to arrive at media-driven strategies. Similarly, with the integration of production functions, creative personnel are able to understand production possibilities and limitations, and better able to schedule processes. When non-advertising communication functions are integrated in the agency, the client gets a complete 360-degree communications solution from the same central agency organization. For instance, the Ogilvy & Mather agency network, one of the world's largest marketing

communication networks, comprises several agencies in a decentralized format, and offers a range of communication solutions catering to varied needs of their clients. The company has units in the following disciplines: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; healthcare communications; direct, digital, promotion and relationship marketing; consulting, research and analytics capabilities; branded content and entertainment; and specialist communications. Some of the agencies belonging to the network are: OgilvyOne Worldwide, Ogilvy Public Relations, Ogilvy Common Health Worldwide, Ogilvy Action, Neo@Ogilvy, Social@Ogilvy, Ogilvy Government Relations, etc. In 2012, O&M was named Cannes Lions Network of the Year and Most Effective Agency Network by the Effies Global Effectiveness Index.

- Specialized/A La Carte Agencies:** Specialized agencies, on the other hand, are vertical agencies, i.e. they do not offer the expanse of services offered by a full-service agency, but specialize in certain functions, audiences, or industries. In-house agencies and freelancers fall under this category. *Industry-focused agencies* have a lot of expertise and knowledge regarding the industry they cater to. They are more prevalent in industries that require a specialized know-how – information technology, healthcare, agriculture, etc. For instance, the DDB Mudra Group has under its wings the DDB Health & Lifestyle agency, which boasts an understanding of the healthcare business, consumers and doctors, as well as channel insight. *Audience-specific agencies* are scarce in India, but in the U.S., agencies that concentrate on ethnic groups like the Hispanic or African-American communities are not uncommon. In India, Mudra Ignite is one such agency that focuses on entrepreneurs and startups and offers them debt-equity solutions, branding, packaging, etc. There are of course a few *client-specific agencies* that exclusively service large clients. For example, Mudra Radar has been formed as a customized media agency to service Reliance ADAG and its foray into media, entertainment, DTH, telecommunications and other services, whereas the agency Group M has specialized cells for its clients Unilever and LG. *Function-specific agencies* specialize in certain services or functions. Maatra, a fledgling of Mudra, provides services such as communication globalization, translation, and localization across markets and languages. We will discuss more on specialized agencies offering non-advertising communication services in section 5.4.
- Creative Boutiques:** These are specialized agencies that focus on the creative elements of advertising, and offer only creative services. They are handed their strategic brief by larger or full-service agencies hard-pressed for time, or by advertisers directly who may want only the creative talents of an outside firm while retaining other functions in-house. Artists, writers and producers are a different breed of people and might not fit easily into a corporate culture. They may require flexible work hours, freedom from dress codes, sensitive nurturing, and the like. Creative boutiques can successfully hone their skills, provide a supportive environment and kindle their spirits. Many creative boutiques are founded by veterans of a full-service agency's creative department, who leave the firm after a good innings to start something new. Not unusually, the boutiques also gain clients who were previously handled by their founders. Sajit Surendran started as an art director at Mudra and had worked for several years on mega brands like *Rasna*, *Vimal*, *Dhara*, etc. He eventually spun-off his own creative boutique called Fresh Lime Soda and has been successfully running it since a few years. Some of Mudra's old clients such as *Jade Blue*, an apparel retailer, have followed him to the new agency.

- Media Buying Agencies:** These are also a kind of specialized function agencies that focus on the planning and purchase of media real estate for their clients. They are adept in the analysis and buying of radio and television time, newspaper space, etc. Their expertise lies in negotiating optimal price and placement to secure the best value for their clients. They may be hired by larger agencies or advertisers directly. Until the early 1990s, media buying was generally carried out by the media department of an advertising agency. However, many full-service agencies have separated media from creative in a bid to reorganize all their departments into separate profit centres. For instance, in 1999, WPP Group created MindShare from the media departments of its two advertising networks, Ogilvy & Mather and J Walter Thompson. Similarly, Percept Limited, a well-known communications agency, has a separate media-buying arm called Allied Media Network that offers media solutions to even non-Percept clients. Many full-service agencies have discovered that by clubbing media purchases for several clients, they get higher buying clout and can offer better rates, acquire greater expertise, and get superior results. The growing complexity of media decisions and purchase procedures has also greatly increased the importance of media agencies. Group M, Zenith Media, Madison Media, Carat, Starcom, Optimum Media Solutions, etc. are some of the large media buying agencies. Currently, some of the fastest growing agencies are the ones that have been focusing on the entertainment media.
- In-House Agencies:** In-house agencies are set up and operated by the advertising organization. Companies that need tighter control over communication or have mammoth promotion requirements have their own in-house agencies. Some in-house agencies are just another name for advertising or communication departments, but others can be big enough to handle entire campaigns, run as a separate cost/profit centre, and manage budgets of their own. For instance, Mudra started off as an in-house division of Reliance in 1980 and remained so until Anil Ambani spun it off into a separate agency with the Reliance-owned *Vimal* brand being its first and only account. Internal agencies are usually more product-specialized but less versatile than outside agencies. Having an in-house agency substantially reduces costs by saving on agency commission payments. In-house agencies particularly make sense for communicators whose promotion work is large enough to give them the size-related economies realized by an independent agency serving numerous clients. Further, ownership of an in-house agency rests with the communicator, allowing for greater control over the assignment of personnel, scheduling and coordinating of tasks, etc. than with an independent agency serving several clients. Besides, communicators have better knowledge about their own industry and product, especially in technical sectors (e.g., electronics, instruments), or equivalent skills as external agencies to produce creative communication, especially in creative sectors (e.g., publishing, motion pictures). Work turnaround is also faster than external agencies. However, external agencies too bring several benefits, which is why many organizations that have in-house agencies also retain external agencies for additional support. The professionalism of specialized communication agencies, their creative or media expertise, their objectivity in analyzing the communicator's product, the range of services offered by them, etc. are some advantages that make them indispensable by in-house agencies at times. One of the biggest challenges faced by in-house agencies is attracting and retaining creative personnel as effectively as an independent agency. Thus, the decision to retain an outside agency should

be based on a case-by-case analysis of when an in-house agency is likely to be efficient and when it is not.

- **Marketing Service Agencies:** This term is used to refer to almost anything other than advertising in the media and communications arena, and often includes allied marketing functions offered by agencies. In that sense, it is a rather hazy term, which may refer to anything from marketing research to customer relationship management to below-the-line communication. Sometimes, marketing service agencies may also offer advertising, replicating the full-service agency model. However, traditionally, they are largely execution-based, i.e. a large client would employ an advertising agency to come up with its main advertising concept, and would then hire the appropriate marketing services agency to carry out that concept in other forms. However, the lines between these different disciplines have become blurred, especially with the emergence of the Internet as a major advertising medium. Nevertheless, the

key difference between advertising and marketing service agencies is that the latter specialize in a more direct or "hands on" form of marketing, with greater interaction within target audiences on an individual level, rather than on a mass market level (as with advertising). Thus, the marketing service agencies may be doing customer or product research that advertising/communication agencies might need for formulating strategies, conducting events at a point of purchase, executing sales promotional marketing, sending direct mailers, specializing in non-profit marketing, administering customer satisfaction surveys, designing and executing website development, etc. They may be offering one or more of these services packaged together as "marketing services."

AGENCY COMPENSATION

Advertising agencies get paid for their services in the following ways:

1. Commission
2. Fee
3. Percentage Charges
4. Incentive Based System

1. Commission

The commission system of compensating the advertising agencies for the services rendered by them is the most traditional method. The agency is paid a fixed commission, which is usually 15%, from the media, on any advertising space or time purchased for the advertiser/client.

For instance, the agency places an order to purchase a full page ad in a national newspaper costing Rs.50,000. The newspaper (i.e. the media) will bill the agency for Rs.50,000 less 15% (i.e. less Rs.7,500) commission. The media also offers a 2% (Rs. 1,000) cash discount for early cash payment, which the agency passes over to the client. Thus, agency will bill the client for Rs.50,000 less 2% cash discount. Thus, the client will pay Rs.49,000 and 15% commission of Rs.7,500 is kept by the agency.

2. Fee

Agency executives might feel that 15% commission is inadequate for the services rendered to the client. Thus, in addition to the commission, the agency

charges a fixed fee based on the work done. For instance, the agency may charge a fixed fee for a television commercial created by it which will be used over a certain period of time.

Sometimes, the agency is paid through a combination of fees and commission method. The media commissions received by the agency are adjusted against the agreed fee. If the received commissions are less than the negotiated figure, the client has to make up for the difference.

Another variant of this method is the cost-plus method under which the client agrees to pay a fee based on the costs of the work the agency performs, plus some mutually agreed margin of profit for the agency. Thus, under this method, the agency is required to keep detailed records of the costs incurred in performing the desired services for the client.

3. Percentage Charges

Sometimes an agency buys some services like market research, artwork, printing, etc., from outside for the client. While billing the client, it adds some percentage of these charges as a markup. These charges are known as percentage charges.

For instance, if an agency pays Rs.1,00,000 for research conducted for its client, it may add 17.65% of these charges i.e. Rs.17,650 and bill the client for Rs.1,17,650. (Note that with these percentage charges, the agency will also earn a commission of 15% as $17.65\% \text{ of Rs.1,00,000} = 15\% \text{ of Rs.1,17,650}$).

4. Incentive Based System

Some companies use incentive based system to compensate agencies for their performance. The basic idea is to compensate the agency on the basis of how well the agency has been able to achieve the predetermined goals identified jointly by the client and the agency. Performance criteria may relate to market share, sales, or the quality of agency's creative work. The Incentive Based System is a good way to work in theory but in practice, it is very difficult to implement. The results achieved by the client are not only dependent on the agency's creative work but also on competitive advertising over which the client and the agency has no control. In such a situation, holding the agency responsible for the results is not fair.

FACTORS TO BE CONSIDERED WHILE SELECTING AN ADVERTISING AGENCY

The advertisers should keep in mind the following factors while selecting an advertising agency:

1. **The range of services offered:** Advertising agencies may be full service agencies or limited service agencies. A full service agency starts with an advertising brief given by the client, which is taken through the stages of development of detailed plans, creating campaigns, giving them the final

form after processing them through various stages involving art work, photography, etc.; and arranging for placement in various media according to the agreed schedule. On the other hand, limited service agencies provide a few services and are generally specialized in those services. The advertiser should keep in mind his requirements at the time of selection. Generally speaking, the greater the range of services offered by the agency, more fully it can serve the client's needs.

2. **Assistance in preparing or reformulating marketing plans:** This may be of value to those clients who are new in a product category or are faced with a new type of a problem or are not aware about modern management approaches.
3. **Marketing and advertising research:** These are research companies specialized in marketing research, advertising research, or both. Some advertising agencies may have a full fledged research department which can undertake specified studies, the cost of which will normally be borne by the advertiser. Some agencies may not have a research department. They may, however, have a research team which may undertake limited research as requested by the agency teams working on different accounts.
4. **Agency team:** The agency team includes management specialists, market researchers, copywriters, media experts, production managers and art directors. The attitude, thinking, experience and personalities of the team members go a long way in the selection of an agency.
5. **Accounts handled:** The advertisers may look at the accounts that the agency handles and the accounts it has gained and lost. The work that the agency has done for the other clients matters a lot in the selection process.
6. **Compatibility:** Compatibility here refers to the personal equation of the advertiser with the client. The focus is on developing a strong client-agency relationship so that successful campaigns can be produced.
7. **Creativity:** Creativity is the main element in advertising. If the advertising agency is capable of great creative efforts, it is selected. Style, clarity, impact, memorability, and action are taken into account while evaluating creativity. Creativity can also be evaluated by considering the jingles, advertising stories woven around the product, creative use of celebrity etc., which the agency has handled with previous accounts.
8. **Agency stability:** An agency which has been long in existence generally performs efficiently and effectively. Thus, one of the basic requirements is that the advertising agency must be known and should have some stability. Most of the clients do not prefer unknown agencies or agencies which have not been in existence for long.

In addition to the above, the process of agency evaluation involves regular assessment of two aspects of performance area – financial and qualitative.

The *financial assessment* focuses on how the agency conducts its business to verify costs and expenses, the number of personnel hours charged to an account and what payments are made to media and other outside service suppliers.

ive assessment explores the agency's efforts devoted in planning, and implementing the client company's advertising campaign and an ent of the achievements. For a qualitative assessment even the small matter; such as a quick turnaround time, creativity because this is what agency is in the business of, value added in terms of giving the clients a ve edge by giving them a creative leap etc. One can also evaluate agencies their track record of losing clients or acquiring new clients and retaining

The parameters on which an ad agency's creative services dept is evaluated as follows:

- Agency regularly produces fresh ideas and original approaches?
- Creative executions are consistently on strategy?
- Research is effectively used in strategic development and in pre-post testing of advertising?
- Creative group is knowledgeable about the company's products, markets and strategies?
- Creative group is concerned with good and consistent advertising communications and develops campaigns/ads that exhibit this concern?
- Creative group produces on time and submits for review in time to permit orderly revisions?
- Creative group performs well under pressure?
- Agency presentations are well organized with sufficient

5.4 SPECIALIZED SERVICES

As discussed earlier, the first marketing communication agency was an advertising agency that primarily bought ad media for its clients. It gradually evolved to offer creative services as well. And much later, with the advent of multinational companies, these agencies started providing specialized communication services such as sales promotions, direct marketing, public relations, etc. Some advertising agencies rendered these services through separate divisions under the same agency banner, thereby providing integrated marketing solutions to their clients, whereas others developed as specialized agencies that provided only specific communication services, such as interactive services, marketing research services, etc. For instance, Web Chutney and Hungama are specialized interactive agencies whereas Ogilvy One is the interactive services arm of the agency O&M. The overall structure of specialized service agencies is quite similar to that of advertising agencies, only the scale is relatively small. The menu of specialized service agencies depends on their field of specialization.

5.4.1 Direct Response Agencies

Direct Response Marketing was pioneered by Aaron Montgomery Ward in 1872. His company, Montgomery Ward, decided to market products directly to the consumer by distributing product catalogues over postal mail. The central idea was to eliminate the "middleman" and elicit direct responses from the consumer.

Direct Response Marketing is all about closing the feedback loop with the customer. Mainstream advertising is generally viewed upon as mass communication, whereas direct response marketing takes a one-on-one approach. Typically, the potential customer is presented with a crisp, clear and attractive message containing an offer. The customer then has a quick and easy means of order fulfillment, which requires minimal effort. In most cases, it used to be a call to a toll free telephone number. The entire objective behind direct response marketing is to elicit a quick customer response. Discounts or packaged bundling are quite common in direct response marketing. Periodicals like Readers' Digest have always carried discounted offer coupons with a very attractive postal response process. Today, the Internet has come to be a major game-changer in direct response marketing with companies like Snapdeal.com who started out with an instant deals-of-the-day strategy.

A direct response agency offers skilled services for launching and managing a successful direct marketing campaign. Some key services are:

- Creating a sharp, attractive offer message that showcases the product or service clearly and succinctly.
- Providing a means for capturing immediate customer response. Telephone, IVR, online websites and SMS are popular means of closing the feedback loop with the customer.

5.4.2 Public Relations Firms

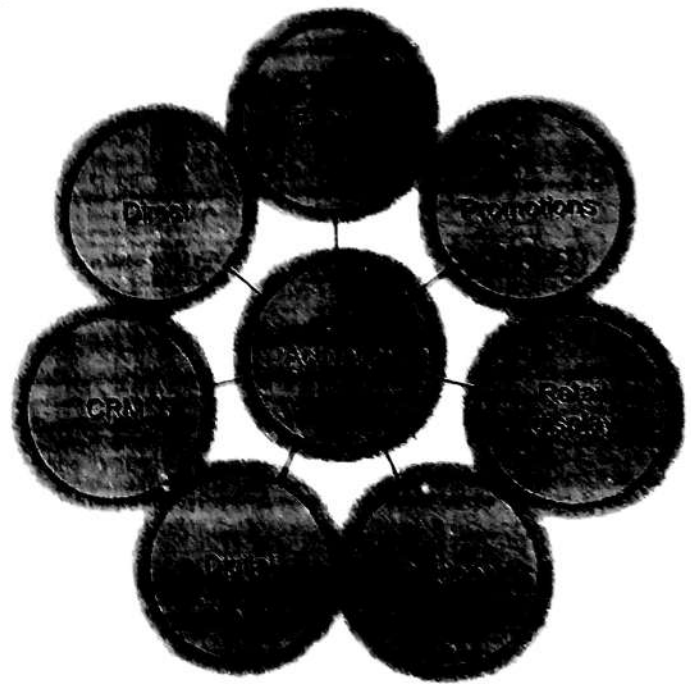
A specialized PR agency helps in corporate positioning and image enhancement, strategic media relations, crisis and issue management, internal communications, etc. Most PR agencies are focused on maintaining press relations, i.e. ensuring good media coverage for their clients and their brands. A successful PR agency maintains very good relations with the media. Journalists and reporters are cultivated over time so that they would look upon carrying articles in a favourable way for the company involved. This involves bringing the right media representatives to cover the event, preparing the reporters, fielding and managing the questions from the press, choosing the right venue, and most important, choosing the right timing. PR agencies also compile and analyze the coverage received and prepare a dossier for their clients to help track effectiveness of the messaging. Secondary objectives may also include dealing with issues like allegations, bad publicity, adversity, etc. PR agencies decide upon and advise their clients about the content of the message that goes out to the public. A weak message and poorly written copy can be a deal-breaker in the world of PR.

A company's PR effort has to be cohesive with their overall IMC strategy. Advertising agencies, therefore, are ideally suited to carry out public relations activities. A number of advertising agencies have their own PR divisions, such as Ogilvy PR, Rediffusion PR, Madison PR, Clea PR, etc. Other PR agencies operate independently providing only focused PR services – the likes of Good Relations India Pvt. Ltd., Genesis Burson Marsteller and Hamner and Partners have done well in India.

5.4.3 Sales Promotion Agencies

Sales Promotion Agencies help their clients with short-term techniques to build product awareness, create interest in their offering or simply stimulate demand. A successful sales promotion agency should be capable of designing and executing effective sales promotion campaigns. As advertising budgets shrink, a lot of companies in India are turning towards specialist sales promotion agencies for improving their marketing effectiveness.¹⁰

FIGURE 5.3 Areas covered by activation agencies.



5.4.4 Activation Agencies

The latest to join the bandwagon of specialized agencies are activation outfits, which are specialized outfits for online and on-ground activities that involve greater direct interaction with consumers. Figure 5.3 shows the kinds of services that such agencies may offer. According to unofficial reports, the activation industry is more than Rs. 4,000 crore and is growing at a rate of 40% p.a. NLX (New Life Experience), KidsStuff, Lintas IMAG, Ogilvy Activation, Mindshare Fulcrum Activation, etc. are some of the activation outfits in India.

5.4.5 Interactive/Online Marketing Agencies

A typical interactive services agency offers the kinds of services listed in Table 5.4. The noted agency Ogilvy Interactive has had many firsts, such as holding the first online press conference for its client *ICICI Bank*, creating the first online talking agent for *VIP French X*, and running the first email campaign with tracking of open rates and click-through rates. Today, there are even super-specialized online agencies such as social media agencies that create, understand and manage online conversations around their clients' brands.

5.4.6 Market Research Agencies

With the increasing importance of market research, many agencies offer specialized services in that field alone. For instance, they may offer syndicated research reports on consumer segmentation, ad tracking, brand tracking, customer satisfaction surveys, and ad metrics tracking. Clients can even request custom research on consumer usage and attitude studies for their industry, advertising pre- and

5.4 Typical Service Menu of Interactive Service Agencies

Design	Email marketing	Web development	Experiential marketing	Search marketing
Design strategy, planning & ad serving	Emails, sweepstakes, e-coupons, landing pages, contests, survey & polls, customer profiling	Strategic planning using tools like digital springboard, analytics & benchmarking, Information architecture, Content management & technology solutions, E-commerce, Intranet/extranet, Portals & verticals	Interactive ads Brand sites Flash games Viral marketing Screen mates Application skins Mobile, CD & touch-screen kiosks	Search marketing strategy including identifying relevant keywords Search engine optimization using technology & analytics Paid inclusions

Testing, customer/dealer/employee satisfaction studies, website usage studies, etc. JuxtConsult is such a research agency that provides research material on Indian urbanites, mobile phone users, employee opinions, etc. Ogilvy Discovery, on the other hand, understands deeper motivations and needs that drive human behaviour. Some of its research tools include cultural analysis of popular culture, photo diaries, scrapbooks, interviews with observers of change, discussions with sociologists, psychologists and innovators, and consumer observation. Among other things, such research provides inspiration for creative ideas and identifies need gaps that marketers can fill with new products.

Unit IV: Promotional Budget

Issues in Budget Setting; Sales-Response Models; Factors Influencing Ad Budgets; Budgeting Approaches - Affordable Method, Competitive Parity Method, ROI Method; Objective & Task Method; Allocation of Budget

Sales -Response Models (*relationship between sales and promotions*)

Sales -Response Models

The Concave-downward Function

- Each additional rupee bring in lesser and lesser sales
- Law of diminishing marginal returns
- Lucrative prospects, laggards and light users

The S-shaped Response Function

- Slow start-steep growth-plateau
- Range A - little impact on sales
- Range B - increased sales up to a point
- Range C - no noticeable impact on sales

... purchase consideration, purchase intention, etc. Also, the measurement of the impact of

c

1

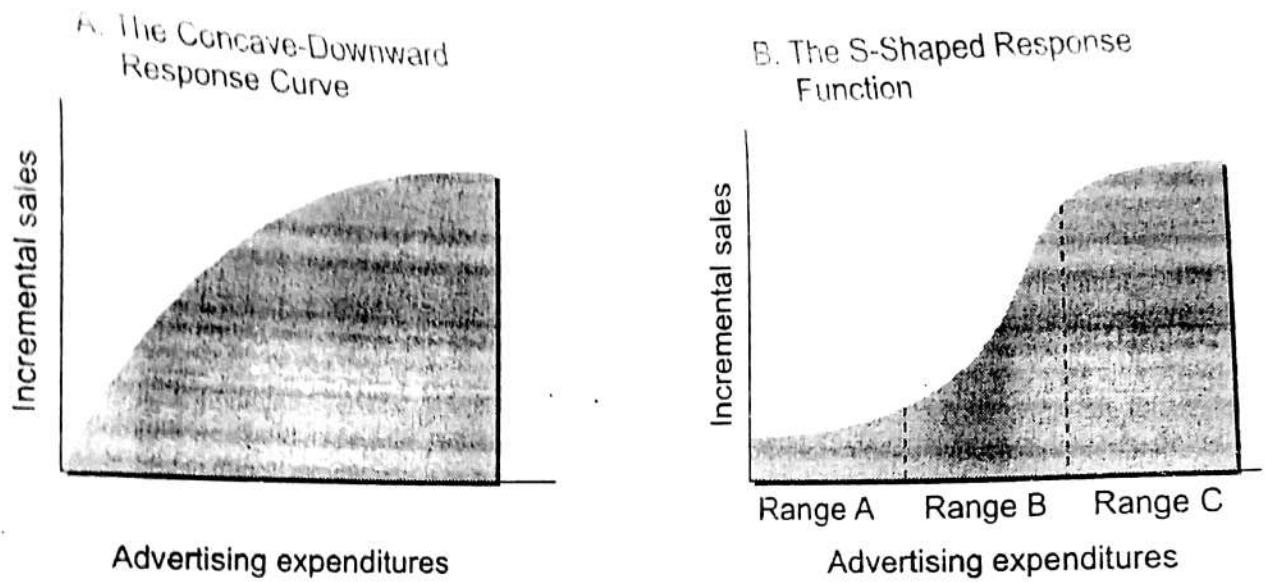
18.5.1.2 Sales Response Models

Most communication managers believe that sales and promotions are related in one of the following two manners:

- **The concave-downward function:** As shown in *Figure 18.2a*, as the amount of advertising and promotion increases, sales increases at a decreasing rate up to a certain point. In other words, each additional promotional rupee brings in lesser and lesser sales. This model is based on the principle of the law of diminishing returns in economics. The reason for sales following the concave-downward curve pattern is that when the initial communication expense is made, the most lucrative prospects and heavy users buy the product. The task of bringing in laggards and light users with communication is then more difficult and has little impact on the total sales. The model suggests that the highest response rate occurs after the first exposure and diminishes thereafter. It also suggests that the most effective ad is the one closest to the purchase decision.
- **The S-shaped response function:** As shown in *Figure 18.2b*, the S-shaped curve is characterized by a slow start, followed by steep growth, and then a plateau. Initial advertising and promotion expenditure has little impact on sales in range A. In range B, additional communication expenditure brings in increased sales, up to a point. Again in range C, the benefits of additional promotion expenditure taper off. The model suggests that until a company has a minimum share-of-voice, its advertising brings in no benefits. **Share-of-voice** is the advertising weight of a brand/company as a percentage of the advertising weight of a given market or market segment. Expenditure in range B brings in returns first at an increasing rate and then at a diminishing rate. The optimum level of expenditure is at the point in range B where marginal revenue and marginal cost are equal. Money spent in range C does not have much noticeable impact on sales as the product may have already reached its market potential.

These models also suffer from the same limitations as does the marginal analysis. However, they also further the theoretical understanding of the relationship between communication expenditure and its result variables. Also, a number of studies undertaken to understand the relationship of

FIGURE 18.2 (a-b) Advertising sales/response functions.



FACTORS INFLUENCING THE ADVERTISING BUDGET

hand, firms with low market-share, attempting to increase their market share require larger expenditures.

4. *Competition:* The heavier the competition in the market, the greater is the choice of brands available to the consumers. This often leads to not just more advertising but also to more cut-throat advertising, thereby requiring more advertising expenditure. The trend is very much evident in case of soft-drink industry. The huge advertising spending by the soft-drink giants - Coke and Pepsi, in areas of new ad films produced, signing film stars and cricketers as their celebrity endorsers, and high repetition of ads in various media in an attempt to compete with each other makes their advertising budget exorbitant.
5. *Frequency of advertising:* If frequency of product purchase is high, then repetitive advertising will be required. This will mean a larger advertising budget. This is especially true in case of FMCGs (Fast Moving Consumer Goods) like toothpastes, tea, detergents, soaps, etc. whose purchase frequency is very high. It is probably, because of this reason that Hindustan Lever has emerged as the top spender in advertising in the last few years with an exorbitant advertising budget.
6. *Product differentiation:* The more similar the product to the competitive products, the greater the need to invest in brand differentiation through advertising. Here, advertising aims at establishing brand superiority over other competing brands by highlighting the brand's unique selling proposition (USP) and other distinguishing features.
7. *Support from retailers:* The lesser the support from retailers, the greater is the need to advertise and to 'pull' the consumer to the brand. If the brand enjoys good 'push' by the retailers, then the burden on advertisers gets reduced to some extent.
8. *Financial resources:* The level of advertising must be adapted to the availability of funds. If more funds are available, the organisation can afford to have a large advertising budget. However, if financial resources are limited, the size of the advertising budget will be small.

CONCLUDING NOTE

Marketers and advertisers must remember that none of the above factors can be considered in isolation in setting the advertising budget of an organisation. It is a mix of the aforesaid factors along with the circumstances of the organisation, its policies and the market conditions of the economy that will finally determine the level of advertising spending of the organisation.

METHODS OF SETTING ADVERTISING BUDGET

There are several methods used in developing an advertising budget. The most common ones are listed below:

1. Affordable method
2. Percentage of Sales method
3. Competitive Parity method
4. Objective and Task method

Let us now discuss each of these methods in detail.

AFFORDABLE METHOD

Under this method, advertisers base their advertising budget on what they can afford. After all the allocations have been made to cover other relevant company expenditures, whatever is left is allocated to advertising, presuming that this is what the firm can afford to spend on advertising.

Advantages:

1. This is a very simple method of determining advertising budget.

Disadvantages:

1. The affordable method leads to an uncertain annual advertising budget which makes it difficult to prepare long range plans.
2. The method is not logical. It fixes advertising budget on the basis of what the company can afford instead of considering the advertising needs of the firm.

PERCENTAGE OF SALES METHOD

The percentage of sales method is a commonly used method of determining advertising budget. Under the percentage of sales method, a fixed percentage of the sales figure is allocated as the advertising budget. This sales figure could be the *last year's sales figure* or the *average of the sales figures of last few years*, say, last five years.

Let us assume that a company allocates 10% of the average sales figure in the last five years as its advertising budget. Let us also assume that the sales figures of this company during the five year period (2006-10) have been as follows.

Year	Sales (in Rs.)
2006	Rs.20,00,000
2007	Rs.25,00,000,
2008	Rs.22,50,000,
2009	Rs.27,50,000
2010	Rs.25, 00,000

Then, 1

= Rs.(2

= Rs.1.

= Rs. 2

The co

Rs.24,00,00

If the figure as t would be

10% o

= Rs. 2

Under sales figu example e advertisin

Yet ar sales meth profit per A is Rs.50 he decide Also, let year is 1, determini

Advantag

1. The i sales arriv

2. Adve comp be sp

3. The r be cl

4. The relat

Disadva

1. The than

2. The ma

ADVERTISING BUDGET

Then, the average sales figure of the five years would be

$$\begin{aligned} &= \text{Rs.} (20,00,000 + 25,00,000 + 22,50,000 + 27,50,000 + 25,00,000) / 5 \\ &= \text{Rs.} 120,00,000 / 5 \\ &= \text{Rs.} 24,00,000. \end{aligned}$$

The company's advertising budget would then be determined as 10% of Rs.24,00,000 which is equal to Rs.2,40,000.

If the same company has a policy of allocating 10% of the last year's sales figure as the advertising budget of the current year then the advertising budget would be calculated as follows:

$$\begin{aligned} &10\% \text{ of Rs.} 25,00,000 \text{ (last year's sales figure)} \\ &= \text{Rs.} 2,50,000. \end{aligned}$$

Under the percentage of sales method, a company may also use *projected sales figure* in determining the advertising budget. Thus, if the company in our example expects to achieve Rs. 27,00,000 of the sales in the coming year, then its advertising budget would be 10% of Rs.27,00,000 which is equal to Rs.2,70,000.

Yet another way of determining advertising budget under the percentage of sales method is to determine the budget amount by working out the selling price, profit per unit and advertising cost. Let us assume that a selling price of product A is Rs.500 and the seller has a profit margin of Rs.100 on it. Out of this Rs.100, he decides to fix Rs.15 as advertising expenditure on every unit of product sold. Also, let us assume that the projected sales figure of product A in the coming year is 1,00,000 units. Thus, the advertising budget for product A would be determined as $\text{Rs.} 15 \times 1,00,000 = \text{Rs.} 15,00,000$.

Advantages:

1. The method is simple and easy to understand. Regardless of whether past sales or projected sales are taken as the basis for calculation, it is easy to arrive at the budget figure.
2. Advertising expenditures are directly related to the funds available. If a company sold more in the last year, presumably more funds are available to be spent on advertising this year.
3. The method satisfies the financial managers who believe that expenses should be closely related to the movement of corporate sales.
4. The method encourages the managers to fix up the budget in terms of relationship between advertising cost, selling price and profit per unit.

Disadvantages:

1. The method views sales as a factor determining advertising spending rather than viewing sales as a result of advertising.
2. The dependence of advertising budget on year to year sales fluctuations makes long range planning difficult.

3. This method does not provide a logical basis for choosing a specific percentage for determining advertising budget.
4. The method discourages experimenting with aggressive spending. Thus, the percentage of sales method might lead to underspending when the potential is great.
5. The method cannot be used if the advertiser introduces a new product in the market. For a new product, past sales figures are not available. Also, projected sales figure of a new product may not be realistic. Moreover, a new product requires a heavy advertising expenditure in the initial stages, that is, in the introduction stage of PLC, although sales in the introduction stage may not be high.
6. The method does not take into account the competition and market opportunities while setting advertising budget.

COMPETITIVE PARITY METHOD

Under this method, the advertising expenditures of competitors are taken as the guidelines for setting advertising budget. The logic behind this method is that collective wisdom of various firms in an industry cannot be too far from the optimal figure. The marketer believes that by having the same amount of advertising spending as his competitors, he will maintain his market share. Thus, this method is used as a defensive device by the advertiser.

Advantages:

1. The method recognizes competition as an important factor in determining advertising budget.
2. It enables a company to monitor the marketing and advertising strategies of competitors.
3. The collective wisdom of the firms in an industry generates advertising budgets that are close to optimal.
4. By determining advertising budget as an amount close to the competitors' spending on advertising, this method reduces the chances of promotional wars.

Disadvantages:

1. The reputation, resources, opportunities and objectives of various firms differ so much that following the competitors might not give a good estimate of what the company should be spending on advertising.
2. There is no guarantee that what firms in the industry spend on advertising is the optimal level. The market conditions and conditions within the company change overtime and there is a possibility that the firms may not be spending at the optimal level.

ADVERTISING

3. There is a disconnect between the advertising budget and the actual advertising outlay.
4. The advertising budget is not realistic.

This is a focus is on advertising a new product to create brand awareness over a period of time to achieve the advertising budget. The focus is on the advertising budget. The focus is on the advertising budget.

Task: define the interest. Determine the effect. Estimate the consequences. Decide the financial advantage.

The other factors are also considered.

The advertising budget is developed.

ADVERTISING BUDGET

There is no ground for believing that budgets based on competitive parity discourage promotional wars from breaking out. Promotional wars are likely to break out when competitors respond to each other's increased advertising outlays.

The method ignores factors like the level of production, sales estimates and advertising objectives of a firm, which are important in determining a more realistic advertising budget.

OBJECTIVE AND TASK METHOD

This is the most logical way of setting advertising budget wherein the focus is on the advertising task that is to be achieved. Under this method, advertising objectives are fixed after intensive market research. For instance, for a new product launched in the market, the advertising objective might be to create brand awareness among 40 percent of the target consumers in a given period of time. After this, marketers identify the tasks which must be performed to achieve these objectives. These tasks may include advertising on television, radio, newspapers and magazines. The advertising cost of each relevant task is then calculated. This would mean calculating the costs of advertising on television, radio, newspapers and magazines. In addition to this the cost of hiring an advertising agency, designing the advertising copy, etc. also need to be considered. The aggregate cost of all these tasks is then set as the proposed advertising budget. These figures may be accepted if they are within the financial resources of the company.

Thus, the objective and task method involves the following steps:

- Task Definition** – The objective of the advertising programme have to be defined in the first place. These might include creating awareness, arousing interest, strengthening comprehension etc.
- Determining the type of strategy, media and the amount of exposure required** for efficient satisfaction of the task set.
- Estimating the cost of various elements of advertising** that have been considered.
- Deciding whether the firm can afford the budget** taking into account the financial constraint and availability of funds.

Advantages:

- The objective and task method is more objective and logical as compared to other methods as it is based on advertising objectives and the tasks to be accomplished to achieve the objectives.
- The method takes into account the business conditions and also the competition in fixing up the advertising budget.
- The method does not rely on past sales figures or projected sales figure. Thus, this method is suitable for new products when advertising must be developed more or less from scratch.

Disadvantages:

1. The method fails to provide a basis for prioritizing advertising objectives.
2. If the objectives are not well defined, all efforts would go waste.
3. It is difficult to ascertain the specific tasks required to achieve the objective and costs associated with a particular task. For instance, if the objective is to create awareness among 40 percent of the target consumers, then it is difficult to determine what specifically are those tasks which need to be performed to achieve this level of awareness and what are costs of performing these tasks.

Affordable Method Based on what the company can afford	Percentage of Sales Based on a certain percentage of current or past or forecasted sales
Competitive Parity Based on competitors' advertising budget	Objective and Task Based on determining objectives and tasks, then estimating costs

Figure 7.1: Advertising Budgeting Methods

Figure 7.1 sums up the various advertising budgeting methods available to an advertiser.

ADVERTISING BUDGETING PROCESS

The aforesaid discussion concludes that the objective and task method is the most logical way of setting an advertising budget. Let us now see what all steps will be required in advertising budgeting process when an advertiser follows the objective and task method of setting advertising budget.

The advertising budgeting process involves the following steps.

1. **Setting Advertising Objectives:** The first step in the advertising budgeting process is to set advertising objectives. The most common advertising objectives include increasing the level of sales, increasing the market share, creating awareness about the product, disseminating information about product's features and its uses, building brand loyalty, etc. The advertising objectives should be laid down clearly, and as far as possible in quantitative terms, so that they can help the advertising manager in determining and allocating advertising budget.
2. **Determining the Tasks to be Performed to Achieve Advertising Objectives:** After identifying the advertising objectives, the next step is to determine the tasks and activities to be performed to achieve these objectives. These tasks may include selection of an advertising agency, selection of advertising media like television, radio, magazines etc., designing of advertising copy, deciding on the frequency and timing of ad, etc. All this requires a good knowledge of various activities of an effective advertising campaign.

Advg strategy

- Advg strategy is a game plan devised to maintain a viable fit between an organization's objectives and resources and changing market opportunities
- A message that the advertiser gives to solve a communications related problem
- "what" and "why"

Big idea

- The idea that advertisers select for communicating the strategic message in a creative manner
- Umbrella / central theme for a series of ads in a campaign
- Strategic direction doesn't change frequently while big ideas may change from campaign to campaign to keep the ads fresh and current
- "How" to execute the strategy

Creativity-definition

Creativity denotes originating, or conceiving an idea or a thing that did not exist before. It involves combining previously unconnected ideas or objects

Leo Burnett defined advertising creativity as "the art of establishing new and meaningful relationships between previously unrelated things in a manner that is relevant, believable, and in good taste, but which somehow presents the product in a fresh new light"

Advertising creativity

Underlying all advertising messages is creative strategy that determines what the advertising message will say or communicate and creative tactics for how the message strategy will be executed

Features of creative ads

- Originality
- Appropriateness

Creative strategy development process

step 4: Verification and revision

- Story board
- Animatic
- Screening and pre-testing

Ad Campaign

An advg campaign is a series of ads of a brand that are related because they all have the same central idea and are run during the same time period.

Types of Ad copies

- Scientific copy
- Descriptive copy
- Narrative copy
- Colloquial copy
- Humorous copy
- Topical copy
- Encasement copy
- Questioning copy
- Prestige copy
- Reason why? Copy
- Comparative copy
- Disruptive copy

1. Generic approach

- Taken by market leaders category creators (Lynon)
- Brand advertises itself as if it is the only brand in the market (Amul, Cocacola, Bajaj scooters, VIP suitcases)
- Result: The brand names become synonymous

5. Preemptive claim

- Claiming something not quite unique about one's brand preemptively – getting there first before competition does.
- (Vadilal first claimed that it produces 100% vegetarian ice creams)
- (Anchor – 100% vegetarian toothpaste)
- (Amul – Products made with real milk)

6. Resonance

- Suits products with little or no differentiation
- Links products with experience or occasion
- Greeting cards companies (new occasions for product usage)
- (Asian paints – festivals)

7. Affective strategy

- Uses emotional appeal to surf through product's indifference
- (Visa – Richard Gere)

Execution styles or Appeals in Advertising

- Rational appeals →
- Emotional appeals
- Moral appeals
- Those directed at the thinking of the audience
- Emphasize on the benefits of the product
- Provide information – facts & figures
- Quality, economy, comfort, health, performance, efficiency, etc.
- Industrial buyers are most responsive to rational appeals

Execution styles or Appeals in Advertising

- Rational appeals
- Emotional appeals →
- Moral appeals
- Use negative/positive emotions that motivate purchase
- Psychological or social needs for purchasing
- Include personal and social appeals
- Positive – humor, pride, love, joy
- Negative – fear, guilt, shame, anxiety

Execution styles or Appeals in Advertising

- Rational appeals
- Emotional appeals
- Moral appeals →
- Appeal to the audience's sense of right and wrong
- Social causes

Reminder Advertising

- For products that have gained acceptance and are in mature stage of their life cycle
- Build customer loyalty
- Existing customers are targeted
- Encourage continuous usage of products
- Sometimes provide new and different information about the product

Teaser Advertising

- A teaser campaign, also known as a pre-launch campaign, is an advertising campaign which typically consists of a series of small, cryptic, challenging advertisements that anticipate a larger, full-blown campaign for a product launch or otherwise important event.

Message content

(What you say?)

- Appeal, theme, idea or Unique Selling Proposition to attract the attention/interest of the consumers/influence their feelings towards the product/service or cause
- Rational, emotional and ethical appeals

Message structure

(How to say it logically?)

- Conclusion drawing messages
- One sided vs two sided arguments
- Order of presentation – climax, anticlimax or pyramidal order

Message format

(How to say it symbolically?)

- Print ad – size, color, illustrations, layout
- Radio ad – words, voice quality and vocalizations
- TV ads – words, voice quality, vocalizations and body language

Message source

(Who should say it?)

- Source credibility – expertise and trustworthiness
- Source attractiveness – similarity, familiarity and likeability

underlying trivia that may not be stated as hard facts in the product case-file presented to an agency by its client.

Once an agency has collated available information and knowledge on a product to start with, it begins to plan its advertising strategy. In advertising parlance, 'strategy' is a game plan – it is the 'message' that the advertiser gives to solve a communications-related problem. In other words, it outlines *what* the advertiser proposes to say or do to solve the communications-related problem. The problem could be lack of product awareness, insufficient sales, poor brand equity, etc. The advertising strategy could be to communicate about the user-friendliness of a product, to position it as an all-natural product, to solve a misconception about its costliness, etc. Note the emphasis on *what*. Advertising strategy is not about *how* you do something – that falls within the purview of the 'big idea' and 'creative execution'; advertising strategy only outlines *what* needs to be communicated, giving reasons why.

The **big idea** is the idea that advertisers select for communicating the strategic message in a creative way – it is a link between strategy and creative execution. In other words, it is a creative concept to execute the advertising strategy and serves as an umbrella or a central theme for a series of ads in a campaign. While strategy is a long-term direction, a big idea could be specific to a campaign or few campaigns. Strategic directions don't change frequently, but big ideas can change from campaign to campaign to keep the advertising fresh and current. Once the strategic direction has been finalized, the hunt begins for the big idea and then follows its creative execution. **Creative execution** deals with the physical form of an advertisement – story, script, copy, art, music, words and phrases, colour, production, etc. It is during the process of execution that advertisers actually begin making the ad based on the big idea, which is based on the strategy. Finally, advertising **tactics** are the short-term decisions about specific, tangible tasks related to the advertising method, media, etc., and that go together to fulfil the strategies. For example, the decision to release a half-page ad in *The Times of India*, or a 15-second television spot on *Gemini* channel in Tamilnadu, are tactical decisions that are short-term in nature.

Let's understand the above concepts with the help of an example. If you've followed the advertising of the soft-drink brand *Thums Up*, you can infer that its advertising strategy (or message) has been to position itself as a 'strong-tasting cola for today's young adult males.' This positioning strategy stems from the product per se. *Thums Up* has unusually high carbonation, the highest in any cola, which has gone down very well with Indian taste buds. A *Thums Up* consumer would settle for nothing less than a *Thums Up*. Hence, the strategic direction for its communication is to focus on the drink's 'strong taste'. But to merely talk of 'strong taste' would make a boring ad, wouldn't it? Hence, based on *Thums Up*'s strategic direction, the **big idea** for quite a few campaigns has been to show brawny or macho celebrities performing challenging or adventurous sports. This big idea of showing machoism is supposed to convey the message of *Thums Up*'s strong taste for strong people. In other words, the message of 'strong taste for young males' is metamorphosed into the big idea of showing 'macho adventure sports.' The **creative executions** of this adventure tack have run the gamut from bungee jumping to sky diving, and from jet-skiing to train-top escapades with masculine celebrities like Salman Khan, Suneil Shetty and Akshay Kumar. Further, creative elements like the tagline urging 'Taste the thunder' and the new logo sporting strong streaks of blue speed-lines are meant to add powerful elements of speed and adventure to the brand imagery. The **tactics** involve decisions like spending high in television advertising; promoting more in the core markets of *Thums Up* like Andhra Pradesh, Maharashtra, Gujarat, Uttar Pradesh, West Bengal and Karnataka; etc.

of television. *Layout* generally refers to the activity of deciding how various components of an ad are to be placed and positioned.

COPYWRITING

Copywriting is the art of writing selling messages. It is salesmanship in print. If it fails to provoke the desired attention, interest, desire and action, it has failed. Copywriting is likely to be assisted by other forms of creativity such as pictures, typography and perhaps, colour. The copywriter should think visually and direct these other elements to achieve his or her purpose.

The copywriter should work closely with the visualiser and typographer to obtain artistic and typographical interpretation of his or her copy. The copywriter cannot successfully work in isolation, merely writing the words, with artists working in similar isolation to create the physical appearance of the advertisement. Ideally, the complete advertisement should be a team effort. The design and layout should give effective presentation of the words, the illustrations should give emphasis and support, and the typography (choice of typefaces, and their size and weight) should make the copy legible and give emphasis where necessary. The copywriter should always try to write with the final appearance of the advertisement in mind.

ADVERTISING COPY AND ITS ELEMENTS

Advertising copy refers to the text of a print, radio, or television advertising message that aims at catching and holding the interest of the prospective buyer, and at persuading him or her to make a purchase. The major elements of copy are discussed below. All of them may not be necessary for most advertisements.

1. The Headline

The first and possibly the most important copy element is the headline. The headline of an advertisement will normally present a selling idea or will otherwise help to involve the prospect in reading of the advertisement. Most advertisements have headlines of one sort or the other and their primary function is to catch the eye of the reader. Experts have suggested various things to make headlines effective and capable of attracting the audience. For instance, use of contrasting colours,

State Bank of India
With you - all the way

**We could give you
a thousand reasons
to bank with us.
One good reason is
9500 plus State Bank
branches.**

With an additional 4,000 branches of the Group,
we've got India covered across the country.
In every state, in every city, in every town,
you'll find a State Bank branch at your service.
Visit us at sbi.co.in

CREATIVE SIDES OF ADVERTISING

leaving a lot of blank space in a newspaper ad, etc. David Ogilvy considers the headline as the most important element in most advertisements. He says that five times as many people read the headline as those who read the body copy. The headline in the print ad of State Bank of India (SBI) shown here gives the complete message to the reader as to why he should prefer SBI.

2. The Sub-head

Sometimes important facts have to be conveyed to the reader and it may require more space than what should be used for a headline. Such information can be put in smaller font size than the headline and is known as sub-head.

3. The Body Copy

The body copy refers to the text in the advertisement which contains details regarding the functions/benefits/features of the product/service. The body copy can be short or long depending on how much there is to say about the product.

4. Captions

Captions are small units of text used with illustrations, coupons and special offers. These are generally less important than the main selling points of the advertisement (set out in the body copy) and are usually set in font sizes smaller than the body copy.

5. Blurb

A blurb or a balloon is an arrangement where the words appear to be coming from the mouth of one of the characters illustrated in the advertisement.

6. Boxes and Panels

Boxes and panels are the captions placed in special display positions so as to get greater attention. It is a caption which is lined on all the sides and singled out from the rest of the copy.

7. Slogans and Logo Types (Signature)

A slogan may refer to the basic theme, or USP (unique selling proposition) of the product, or something with which the target audience would relate the product to. For instance, *Thanda Matlab Coca-Cola* for Coke, Nokia – Connecting People, etc.

A logo type is the symbol of the company, its seal or trademark, which is also referred to as signature. It is an important tool in quick recognition and identification of the company and for creating familiarity for the audience. Figure 9.1 shows the various elements of a print ad of Sunfeast Marie Light Oats.

the various types of advertising copies are discussed below.

Scientific copy: In this type of copy, technical specifications are specified. It is used in case of high involvement goods, durable goods and industrial goods. For instance, newspaper ads which talk about specifications of a laptop.

Descriptive copy: In a non-technical manner, the product attributes are described. The copy uses direct sentences. It looks very commonplace announcement. For instance, Cinthol talks about the lime freshness in its ads.

3. **Narrative copy:** Here a fictional story is narrated. The benefits of the product emerge from the story. Maybe, the narrative is humorous. Or else, it has strong appeal. It should make an imprint on the memory of the audience. For instance, the "Daag achhe hain" campaign by Surf Excel.

4. **Colloquial copy:** Here informal conversational language is used to convey the message. It could even become a dialogue. Amul Chocolates-a gift for someone you love-follow a colloquial pattern. The woman says, "I am too old for mini-skirts, too young to be a grandma". And the man says, 'But I think you're just right for Amul Chocolates'.

5. **Humorous copy:** Humour has been heavily used in advertising, especially in TV commercials. For instance, Fevicol ads have been using humour to put across the message.

6. **Topical copy:** Such a copy is integrated to a recent happening or event. For instance, during the world cup days, Britannia's ad campaign - 'Britannia Khao, World Cup Jao' and, during IPL, Idea's 'Ungli cricket'.

7. **Endorsement copy:** Here a product is endorsed by an endorser - celebrity, or an expert or even a typical satisfied customer. Shahrukh Khan endorsing for Dish TV is an example.

8. **Questioning Copy:** In this copy, several questions are put forward not to seek answers but to emphasize a certain attribute. Such questions can be asked in a humourous tone or a serious tone depending on the product being advertised. For instance, Close-up used a questioning copy in asking "Kya aap Close-up karte hain? Yah duniya se darte hain? Aap Close-up Kyon nahin karte hain?"

9. **Prestige Copy:** Here the copy is used to build an image for the product. A distinguished and favourable atmosphere is created for the sale of the product.

10. **"Reason Why" Copy:** It is known as an explanatory copy where the reasons for a purchase are explained. Each reason illustrates a particular attribute, and its benefit to the consumer. One attribute may be chosen and repeated several times, each time an occasion is given to justify it. For instance, Santro used the 'total number of Santro buyers' figure to promote its product while Maruti emphasized on the 'service availability almost anywhere'.

11. *Comparative copy*: Here two brands are compared either in good light or in a way to belittle the other. The cola war can be an excellent example of this type.
12. *Disruptive copy*: This copy comes about when there is a disruption in the way of thinking or conventional thinking. A subtle form of such copy is the HDFC Standard Life ad where a girl buys a car for her father and the father says, "beti badi ho gayi aur car bhi".

Advertising creativity

Advertising creativity is the ability to generate fresh, unique and appropriate ideas that can be used as a solution to communication problems. To be appropriate and effective, a creative idea must be relevant to the target audience.

Creative advertising message is one that is built around a creative core idea or power idea and uses excellent design and execution to communicate information that interests the target audience.

Features of creative ads

Originality: an ad is original in the sense that the methods, techniques and copy are novel for the product category in question. An original ad is somehow out of the ordinary. It differentiates itself from the mass of mediocre ads. Advertising that is the same as most other advertising is unable to break thru the competitive clutter and grab the consumers' attention.

Appropriateness: an ad must offer a useful solution to a marketing problem. In an advertising context, the problem is of achieving objectives such as increasing sales by a specified percentage.

An ad that is original but not appropriate may win awards in advertising competitions but will be unlikely to increase sales. Creative ads are original while at the same time being successful given the imperatives facing a brand at the time the campaign is launched.

The creative process – Young's model of 5 steps

1. **Immersion** – gathering raw material and information thru background research and immersing oneself in the problem.
2. **Digestion** – taking the information, working it over and wrestling with it in the mind.
3. **Incubation** – putting the problems out of one's conscious mind and turning the information over to the subconscious to do the work.
4. **Illumination** – the birth of an idea. "Eureka" phenomenon.
5. **Reality/Verification** – studying the idea to see if it still looks good or solves the problem; then shaping the idea to practical usefulness.

Creative strategy development process

Step 1: Background research: the creative team has to first learn as much as possible about the client's product/service, the target market, the competition and any other relevant background information. The creative specialist should also be knowledgeable about general trends, conditions and developments in the market place, as well as research on effective advertising

approach. This is done by reading anything related to the product, extracting relevant information from related people, observing people at malls, stores, restaurants and cafeterias.

Step 2: Product/Service specific research: This includes specific studies conducted on the product/service, the target audience, or a combination of the two. Quantitative and qualitative consumer research such as attitude studies, market structure and positioning studies such as perceptual mapping, lifestyle research, focus group interviews, demographic and psychographic profiles of users of a particular product, service or brand are examples of product-specific planning input.

Problem detection techniques – asking consumers familiar with a product/service to generate an exhaustive list of problems that they encounter when using the product/service. The consumers rate these problems in the order of importance and evaluate various brands in terms of their association with each problem. Such study gives valuable inputs for product improvements, reformulations or new products, features to emphasize and guidelines for positioning new/existing brands.

Psychographic studies – detailed lifestyle profiles of product/service users.

Brand researching – to determine how a brand is perceived among consumers and to develop more effective advertising campaigns.

Step 3: Qualitative Research input: This includes in-depth interviews and focus groups.

In research using focus groups 10-12 people from the target market are led thru a discussion on some topic pertaining to consumers/market/product/service. They give insight into why and how consumers use a product/service, what is important for them while choosing a brand, what they like or don't like about various products/services and any special needs they might have that are not being satisfied.

Ethnographic research involves observing consumers in their natural environment – in their homes, at work or at play.

Step 4: Verification and revision: This stage of the creative process evaluates ideas generated during the illumination stage, rejects inappropriate ones, refines and polishes those that remain and gives them final expression. Target audience members may be asked to evaluate rough creative layouts and to indicate what meaning they get from the ad, what they think of its execution or how they will react to a slogan or theme.

Storyboard is a series of drawings used to present the visual plan/layout of a proposed commercial. It contains a series of sketches of key frames/scenes along with the copy/audio portion for each scene.

Animatic is a video tape of the story board along with an audio sound track.

Pre screening and testing - The verification/revision process may include more formal, extensive pre testing of the ad before a final decision is made.

Reminder advertising

Reminder advertising is a marketing strategy typically consisting of brief messages sent with the objective of reminding a target consumer group about a product or service or of introducing a new theme into an existing marketing program. Reminder ads serve to enhance the top-of-the-mid awareness of the brand and to reinforce the key messages of the brand value and/or recent offers or products. They are often brief and mention the name of the product and testimonials of past customers etc. and are repeated to keep the public interested in, and aware of, a well-established product that is most likely at the end of the product life cycle.

Teaser advertising

A **teaser** campaign, also known as a pre-launch campaign, is an **advertising** campaign which typically consists of a series of small, cryptic, challenging **advertisements** that anticipate a larger, full-blown campaign for a product launch or otherwise important event.

and state the advertising strategy in a few lines. Ideally, they should not be more than a page or two long. At times it is possible that what a strategy statement states might be too simple and obvious or something that the brand has always stood for. But then, why challenge a position if it is indeed the best one to take? After all, the brand may only need a creative facelift.

6.5 CHOICE OF STRATEGIC APPROACHES

Strategic options can be broadly divided into product- or prospect- centred approaches. Product-centred strategic options focus on product features and product image. Claims about the product are made through before-and-after comparisons, demonstrations, testimonials, etc. For example, some of *Levi's* notable campaigns like those for 'Original Body Language', 'Easy to Get In', 'the Cargoes', 'the Detachables', 'the Loose Fit' and 'the Low Rise – Dangerously Low' have reinforced *Levi's* as a product innovator with the ability to interpret fashion in an interesting manner. On the other hand, prospect-centred options focus on the needs and wants of consumers and are projected through various emotional and rational appeals. Following are the popular strategic options that can be chosen depending on the brand's internal and external environment conditions as well as its goals:⁵

- 1. Generic approach:** This approach is usually taken by market leaders, monopolists or category creators. A brand ignores the competition in the category and advertises as if it is the only brand. *Amul Butter*, which claims to represent 'The Taste of India' or *Coca-Cola* which swanks 'Thanda Matlab Coca-Cola' are examples of this approach. Also consider erstwhile advertising by *Bajaj* scooters, *VIP* suitcases, *Vadilal* ice cream, etc. They were the monopolists of their times and followed a generic approach. Many times market leaders or followers of generic approach have seen their brand names get synonymous with the product names. For example, *Xerox* stands for photocopiers, *Cadbury's* for milk chocolates, *Dalda* for vegetable ghee, *Aspirin* for all acetylsalicylic acid drugs, and so on. Generic approach is also followed by brands that rush to create a category before competitors follow suit. However, in today's age and time, such monopoly or prominent leadership is short-lived and often requires change of strategy with the onslaught of competition.
- 2. Unique selling proposition:** A brand may have a true and distinctive competitive advantage called the *Unique Selling Proposition (USP)* that is both valuable to the brand's customers and unexploited by its competitors (since they do not possess that feature). Advertisers should take advantage of it. However, the USP strategy is rather a rarity since most brands have started attaining parity.

The advertisement for *Demigol* is a good example of a brand that has successfully exploited its USP. *Demigol* is a brand of cooling and soothing ointment. It was launched in India in 1970. The brand had partnered with *Paras* from the product formulation stage and given the idea of 'menthol and coolness' exploited this advantage for a creative campaign that made the brand an instant hit. Remember the USP-enforcing tagline, 'Thanda Thanda Cool'?

3. **Brand image:** With product features and benefits attaining parity, the real distinction lies only in marketing communication. In this approach, advertisers try to establish a difference based on factors that are extrinsic to the product. For instance, in Figure 6.8 Maruti Suzuki SX4 can be seen creating a strong masculine brand image for the car.

To make blind and culturally impoverished non-users, Elle-18 cosmetics are like any other cosmetics, with a few colour variants here and a few design variants there. But it's not the product alone that sells. Elle-18 wears a rebellious and carefree attitude that is a hit with teenage girls. One of its commercials shows a college campus where, in spite of a notice to the contrary, teenage girls smuggle in lipsticks as colour tubes in an art class. When an uncompromising teacher gets mad on seeing a bunch of lipstick-clad girls, the latter give a sharp-witted answer that what they have worn is not lipstick but jelly - lip colour in jelly form. Some other commercials show teenage girls playing pranks on neighbours, teachers and the people around. Clearly, the lipsticks don't have any harmful inducing material. It's all in the image - who you are or who you want to be.

4. **Competitive positioning:** While all strategies do recourse to positioning to a certain extent, this strategy is purely about positioning the product in the consumer's mind *relative to competition*. Note the emphasis. While brand image strategy is about creating an image for a brand, positioning strategy goes a step further and creates a brand image 'relative to competitors.' The emphasis is on establishing the difference or superiority of the brand through a direct or indirect comparison. This strategy is particularly adopted by new entrants in a crowded market or by brands that would like to challenge the market leader. For example, *Thums Up* is clearly positioned as the stronger cola while *Pepsi* is positioned as slightly milder and for a younger

FIGURE 6.8 Maruti Suzuki SX4 creates a strong macho image of the car.



Courtesy: Lintas Lowe. Reproduced with permission.

all Indian ice creams are vegetarian, but *Vanilla* was the first to say '100 per cent vegetarian ice cream'. Similarly, *Amul* toothpaste never talked about fighting germs while the toothbrush strengthening gums – these claims were all back made by its competitors. *Amul* asserted that it was a 100 per cent vegetarian toothpaste. For a consumer who is steering clear of a mouthful of chemicals at the start of the day, the claim that they may be gargling on something non-vegetarian too was a suicidal thought. Thus, with one pre-emptive claim, *Amul* arrived. Also, *Amul* ice cream's claim that its ice creams are made with real milk makes one suddenly question the ingredients that competitors use.

6. **Resonance:** Another strategy best suited for products with little or no differentiation. This strategy links the product with an experience or occasion (birthday, marriage, *Diwali*, picnic, vacation), situation or lifestyle. Greeting card companies were among the first to embrace this strategy. In fact, they went a step further and even created occasions to increase product usage – friendship day, mother's day, father's day, peace day, etc.

Saree Bazaar, an up-market mall in South Delhi, spent around Rs. 80 lakh marketing during Christmas, thanks to which it witnessed record-breaking footfall of 25,000 on Christmas.⁷ Even *Big Bazaar*, the mega retail outlet, made a connection with shoppers by inviting them to the store for 'shopping for a wedding.' Weddings in India are elaborate affairs and shopping is an integral part of the Indian wedding experience. So Mudra, the agency behind the campaign, felt that the idea of friends and family from across the country shopping for a newly wed couple was a great way to showcase vastness, range and great prices.⁸ Another example of *Big Bazaar* encashing high consumer sentiments on specific days is its 'Sabse Saste Din' initiative held on Republic Day every year since 2009. The footfalls in its stores during that time in 2010 were as high as 60 lakh, and the retailer's revenues shot up to Rs. 240 crore. Not only that, additional Rs. 16 crore of sales were generated through standalone Food Bazaar outlets too. The initiative has been so successful that the company extended it to four days in 2010 and five days in 2011. Similarly, the company has introduced 'Mahabachat' initiative around Independence Day.⁹

Visa uses the emotional card in one of its commercials showing a foreigner (Richard Gere) touring around a rustic Indian village. In the marketplace, a villager points to birds in a cage and explains to Gere, "If you free birds, you give good luck. More birds, more luck." Then a young girl comes to a bird-shop and says, "Bhaiya, pardes jaa raha hai, par humko liye paanch-panchi chhodne hain." But the seller informs her that with her money she could buy only one. Dejectedly, she buys one. Just as she is about to release the bird, hundreds of birds fly from behind her. The commercial concludes on the warm and humorous note that Richard Gere has played the nice guy with his Visa power, but he feigns innocence when the bewildered girl looks at him. Although on a rational note it is highly unbelievable that credit cards are being accepted in Indian flea markets, Visa has touched the emotional chord suggesting how its power could be used to help the needy. The gesture of gifting birds reverberates with a strong sense of giving and generosity. According to BBDO, the agency for the campaign, the concept of giving is well received by all cardholders and hence the overall concept of the commercial was centered on this ritual. Emotion is also reflected in the earthy and rhythmic music score which reinforces the Visa brand and highlights the central theme of empowerment.¹⁰

8. **Price claim:** When price is an advantage, brands may base their communication on it. *Nirma, Rasna, Parle G* biscuits, etc. have been followers of this strategy for long. Figure 6.9 features one such ad by *Rasna*.

FIGURE 6.9 Rasna communicates its aggressive pricing to attract the masses.



Courtesy: Pioma Industries, Mudra. Reproduced with permission.

the objective to appeal to the rational and logical aspect of the consumers' decision-making process and others might try to evoke some desired emotional response. A vast amount of time, money and energy goes into the creative work of developing advertising appeals to influence the buying behavior of consumers. Developing advertising appeals is a challenging task. It is typically the responsibility of the creative people in the advertising agency.

Box 10.1 discusses some features of advertising appeals.

Box 10.1: Features of Advertising Appeals

- Advertising appeals refer to the approach used to attract the attention of consumers.
- The purpose is to influence consumer feelings towards the product, service or cause.
- Advertising appeals attempt to influence the behaviour of consumers.
- They motivate the consumers to purchase the product.
- It is a challenging task.
- It is the responsibility of the creative people in the advertising agency.

TYPES OF ADVERTISING APPEALS

Advertising Appeals can broadly be classified into three categories – Rational, Emotional and Moral. Figure 10.1 shows a broad classification of advertising appeals used by the advertisers.

Figure 10.1: Types of Advertising Appeals

Rational Appeals

- Economy
- Convenience
- Quality
- Health
- Performance
- Efficiency
- Durability

Emotional Appeals

- Positive Emotional Appeals – Humour, Pride, Love, Joy
- Negative Emotional Appeals – Fear, Guilt, Shame, Anxiety

Moral Appeals

ADVERTISING APPEALS

RATIONAL APPEALS

Rational appeals are those directed at the thinking process of the audience. They appeal to the audiences' self-interest. Rational appeals emphasize on the benefits of the product like quality, economy, convenience, comfort, health, performance, efficiency, durability and dependability. They attempt to show that the product would yield the claimed benefits.

Let us now discuss some examples of rational appeals.

Advertisements of Aquaguard and Aquafina highlight the "purity of water" aspect, giving consumers a rational reason to buy the products.



Advertisements of products like television, refrigerators, automobiles, music systems, washing machines and other consumable durables highlight the quality and features of their products. They may also emphasize on the brand's popularity and special offers which again are rational reasons for a consumer to buy the product.

Products like Women's Horlicks, Complan and Calcium Sandoz focus on the health and nutrition aspect in their advertisements.



Hottest TFT monitor comes with the coolest offer.

Buy the Complan Presario S61138L Desktop PC with a TFT monitor in the next three days and get an HP printer free. Powered by the Intel® Pentium® 4 Processor 517 supporting HT Technology™, this desktop PC is yours for the taking. So hurry and get one today. Offer valid for three days only.

COMPLAN

**BUY NOW**

For product info or to contact an HP Authorized Retailer, call Toll Free: 1800 425 4990 (from MTNL/BSNL lines) or (prefix STD code) 3030 4499 (from mobile).



Women's
Horlicks



No artificial colours
No artificial flavours
No Added Sugar

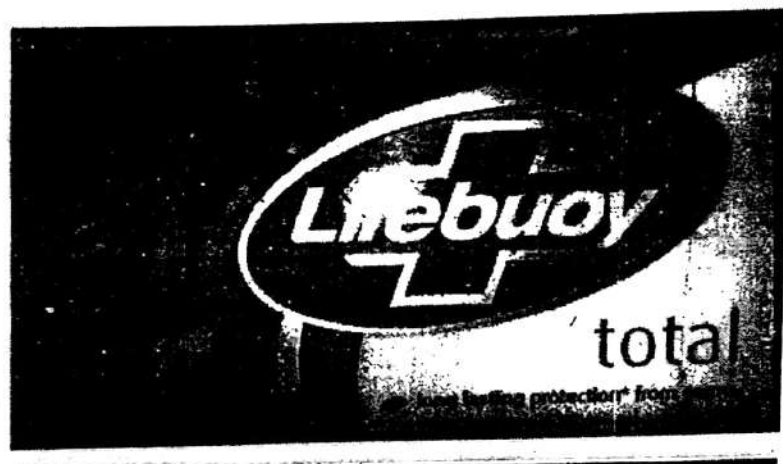
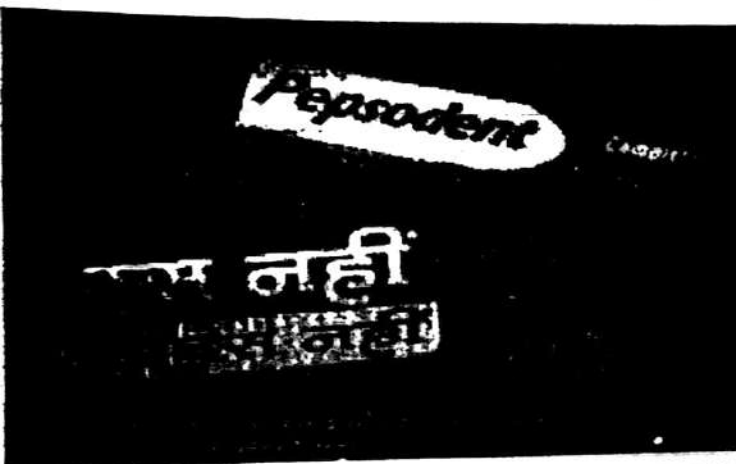
Low in fat
High in good quality
Milk Protein

Women's
Horlicks



Rs. 100 only
(200g net bottle)

Advertisements of Lifebuoy and Pepsodent emphasize on protection from germs and cavities to sell their products.



quality, economy, convenience, comfort, health, performance, efficiency, durability or dependability.

EMOTIONAL APPEALS

Emotional appeals attempt to use negative or positive emotions that will motivate purchase. Emotions are those mental agitations or excited states of feeling which prompt us to make a purchase. Emotional motives may be below the level of consciousness, and may not be recognized by a person; or even if he is fully aware that such a motive is operating, he is unwilling to admit it to others because he feels that it would be unacceptable as a proper reason for buying among his associates and colleagues. Emotional appeals, unlike rational appeals, are not preceded by careful analysis of the pros and cons of making a buying.

An emotional appeal is related to an individual's psychological and social needs for purchasing certain products and services. Many consumers are emotionally motivated or driven to make certain purchases. Advertisers aim to cash in on the emotional appeal and this works particularly well where there is not much difference between multiple product brands and its offerings. Emotional appeal includes personal and social aspects.

Personal Appeal

Some personal emotions that can drive individuals to purchase products include safety, fear, love, humor, joy, happiness, sentiment, stimulation, pride, self esteem, pleasure, comfort, ambition, nostalgia etc.

Social Appeal

Social factors cause people to make purchases and include such aspects as recognition, respect, involvement, affiliation, rejection, acceptance, status and approval.

Emotional appeals can be studied under two broad categories – Positive Emotional Appeals and Negative Emotional Appeals.

POSITIVE EMOTIONAL APPEALS

Advertisers use positive emotional appeals such as humour, love, pride and joy to influence the behaviour of consumers.

Humour appeals work best for low involvement and feeling-oriented products.

Most baby food products use a mother's love appeal. For instance, the advertisement of Johnson's baby products shows a mother's love for her baby and the tender care that a Johnson's baby product will provide just as a mother does.



The love appeal is also used by the advertisers during some special occasions like the Valentine's Day, Mother's Day, Father's Day etc. The print ad of Canon shown here uses the love appeal to promote its product on Valentine's Day.

Advertisers also use messages communicating the joy and thrill associated with using the product. The ad of Frooti with the jingle "Mango Frooti, Fresh and Juicy" is an example here. The same holds true for advertisements of soft drinks. For instance, in March, 2011, Coca-Cola India unveiled the 'Brrrrr' campaign, the globally successful campaign for brand Coca-Cola. The communication is based on a spontaneous *Brrrrr* expression, an incomprehensible and spontaneous feeling of upliftment one derives after sipping an icy cold Coca-Cola. Other positive emotional appeals involving pride and prestige are also used by advertisers. For instance, Reid and Taylor suiting's "Bond with the Best" conveys the pride associated with the product.



Humour Appeals: Humour is one of the most common advertising appeals used by the advertisers. Humour appeals evoke the feelings of amusement and pleasure and thus help in-

- Attracting attention
- Improving memory of the brand name
- Creating a good mood
- Distracting the audience from counter arguing.

With the advertising clutter increasing and the audience being exposed to innumerable ads in a day, it becomes difficult to attract their attention. An ad which does not catch audience's attention cannot be expected to achieve its results. Humorous ads, by attracting the attention of the audience, make the job of the advertiser much easier. Humorous ads can be created by using an interesting and entertaining storyline. Humour is also reflected in the jingles, the satire and the puns used in the ads.

Fevicol ads have used humour to create ads that can convey the message to the audience in a very light and humorous way. The punch line "*Fevicol aisa job lagaye, achche se achcha na tod paye*" is very interestingly conveyed in all its advertisements. For instance, one ad which shows a bus overloaded with people

Exhibit 10.1: Fevicol Ads Use Humour Appeal to Convey the Message

Life has an amazing number of funny and creative ads for Fevicol, which is doubt their flagship brand. Creativity is the art of good agency and Ogilvy always given Fevicol out of the box memorable moments. In fact, that's the reason why all Fevicol ads have not only been outstanding, but have also always clearly established the brand. The ads have used humour appeal in conveying the message "*Fevicol ka jod hai tutega nahi*".

In one of the ads, a group of carpenters are at work. However, their attention is divided between their work and a TV set, where a man hanging over a chasm is clinging on to a woman for dear life. "*Pakde*", the woman screams. "*Chodna nahin*", the man pleads. The workers watch as the couple on the screen keep up the "*Pakde rehna-chodna nahin*" strain for an incredibly long period. Fed up with the melodrama, one of the carpenters gets in disgust. "*Arre, yeh bhi koi film hai!*" he exclaims. Wanting to continue with his work, he walks over to the TV and picks up a can of Fevicol placed on top of it. Instantly, the man on screen falls. Surprised, the carpenter peers at the can of Fevicol he has picked up. Slowly, he turns and eyes another TV, at the top of which a tub of Fevicol is perched. The man on screen is still dangling over the chasm. "*Chodna nahin...*"



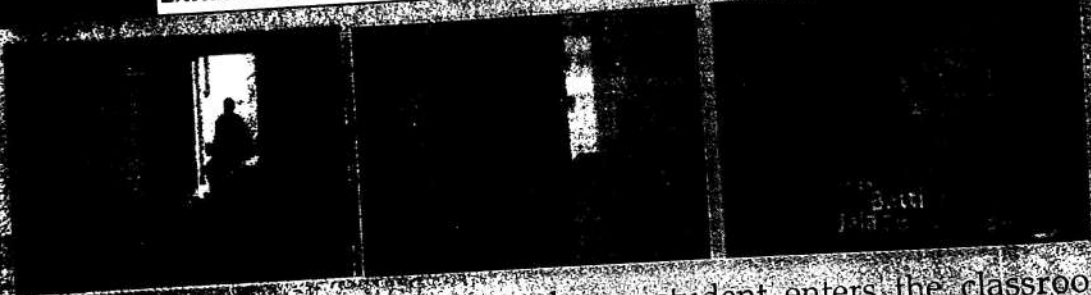
In another ad which is in tune with the above ad; the carpenters are in the ad. One of them is busy scrambling eggs, while listening to the radio. He stumbles upon an egg which refuses to crack. The voice-over on the radio goes "*Dum lagakar ... haisha! Zor laga ... haisha!*". Inspired, the man decides that brute force is the only way he is going to get that egg to crack. He tries to hit it with a hammer. Much to his amazement, it slips from his hand, hits a pot, causes a hole in it and the water pours out! Surprised, he checks on the hen that laid the eggs; only to see that it was feeding from an old Fevicol box! And the voice-over simultaneously says, "*lagta hai yeh Fevicol ka kaam hai.... tootega nahi!*"



came up with the 'Moustache' ad to celebrate 50 years of the adhesive brand's bond with the ordinary Indian. This time Ogilvy & Mather developed an ad wherein a small girl is shown with moustaches while doing a stage play and it is stuck on her face with the help of a little dab of Fevicol. She is shown in various stages of her life as a newly married bride, an eager mother, a harassed woman, one nearing old age and the last, finally, on her death bed, all the while, sporting the moustache. Moustache remains on her upper lip throughout her life until she dies and then takes Fevicol with moustaches. The message, of course, is that what is stuck with Fevicol remains so for life, and thereafter. The ad closes with the tag line, '50 Saal Se Champion'.



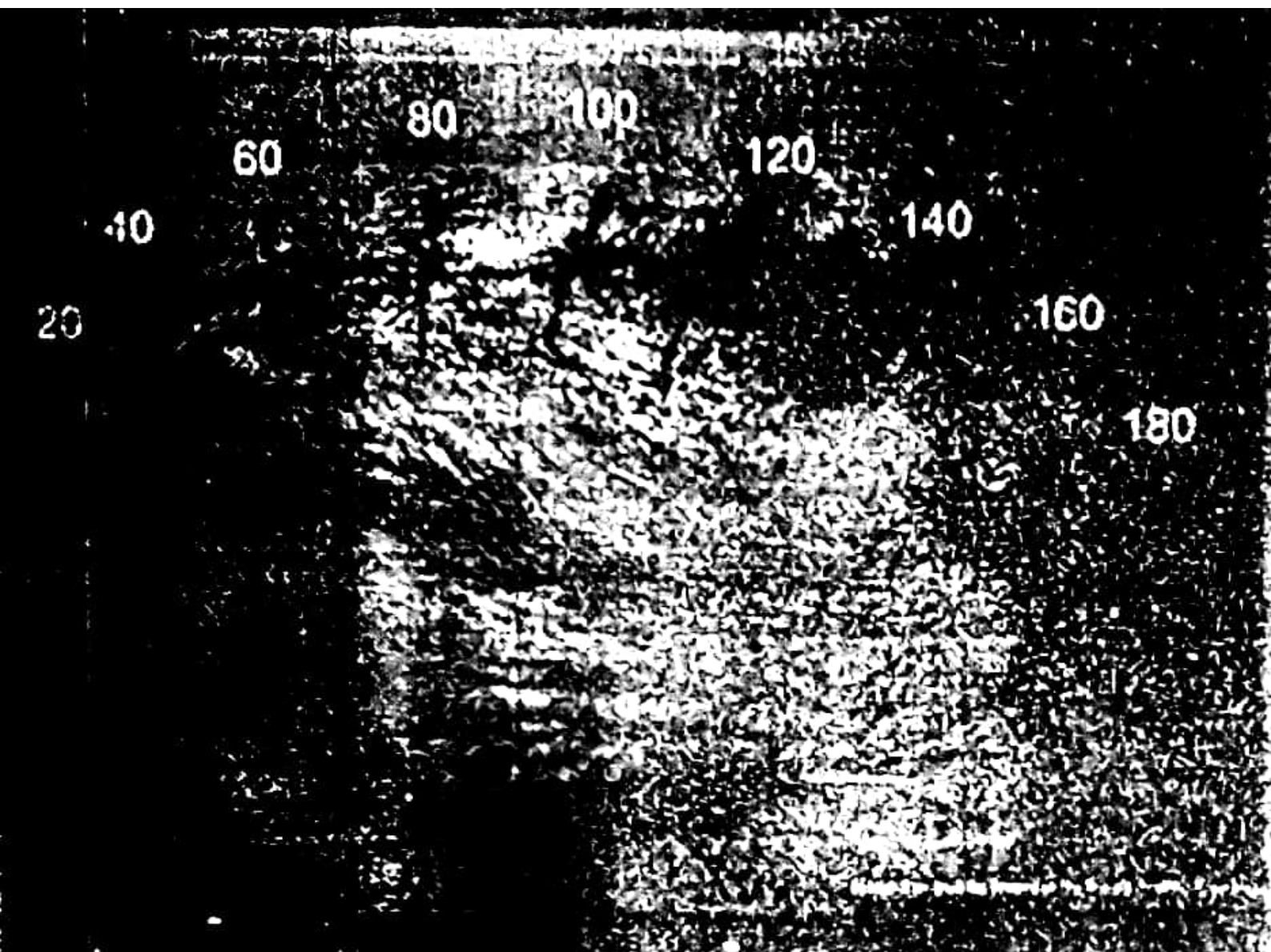
Exhibit 10.2: Use of Humour Appeal in Mentos Ad



A teacher is busy taking his class when a student enters the classroom. Expressing disapproval he scolds the latecomer, "Ab aa rahe ho? Get out!" VO: Yeh hai aam zindagi. Cut to the shot of the boy arriving late again for the class. Being smarter this time he enters the class taking back steps. Mistaking him for leaving the class the teacher says "Kahan jaa rahe ho? Sit down!" Having his way the clever boy takes his seat. VO: Yeh hai Mentos zindagi. Mentos. Dimag ki batti jala de.

The jingles used in the advertisements may themselves be quite effective in creating humour and attracting the attention of the audience. For instance, Close-Up toothpaste's jingle, "Kya aap Close-Up karte hain" is quite entertaining. Such jingles are also quite effective as far as brand recalls are concerned.

While humour can help the advertisers in getting attention and securing brand recall, it can also hurt the effectiveness of an ad. This can happen when humour overshadows the product or the brand. For instance, one may remember the lines, "Wah Sunil babu, naya ghar, nayi car, Badiya Hai", but one might get a little confused as to whether the brand advertised was Asian Paints or Nerolac. Yet another problem in using humour in advertisements is that what strikes one person as humorous, another might consider it silly and irritating. Also, the probability of humour to irritate will increase with repetition. Nonetheless, researches have proved that humorous ads have higher recalls.



Gold oil helps in reducing the cholesterol level, soaks less oil while cooking and takes care of the heart. The ad uses the fear appeal to show that one must switch over to Saffola oil if one has to take care of the growing cholesterol level and prevent heart diseases.

Exhibit 10.3: Advertisement of Saffola Gold Uses Fear and Anxiety



Growing thoughtful, a lady thinks of a day her husband played crickets. Jingle: "Dil mein Sehwag ke khwaab hai. Par saans deti jawab hai." Husband slowly grows happy as he tries to take his runs. He was forced to stop midway. Jingle: "Abhi to yeh jawaan hai, abhi to yeh jawaan hai." Next shot he is checking out his expanding tummy. Jingle: "Iski bhi bemisal hai, bekabu pait ka haath hai. Bas khamosh kar raha hai, abhi to yeh jawaan hai." The wife rubs her hubby's expanding tummy. The hubby tries to woo his wife, when his cell rings and interrupts them. Jingle: "Dil mein bhara romance hai. Na chain ka koyi chance hai. Tension bhi full advance hai. Abhi to yeh jawaan hai." The wife worries for her stressed husband. MVO: "Yehi ishare hain ki ab inka dil jawaan nahin raha." MVO: "Saffola Gold apnaye. Yeh cholesterol ghaatane mein madad kare, aur khaane mein kam tail sauke, taki unka dil bhi kahe." Jingle: "Abhi to yeh jawaan hai."

Some of the ad messages of toothpastes employ a subtle fear appeal. They present the fear of tooth decay or unhealthy gums or bad breath, and then suggest the use of a specific brand of toothpaste to get rid of such fears.

There are also more subtle fears associated with social and psychological motivations of the people. These include the fear of loss of friends, status or job, rejection, or a sense of failure to be a good parent or homemaker. Such fears, in turn, lead to the feeling of shame, guilt and embarrassment. For instance, there are ads which say that if you do not use a particular brand of deodorant, you will smell bad and you might lose your friends. The advertisement of Lizol floor cleaner shows that if you have not disinfected the floor with Lizol, you don't have protection from germs. When your baby crawls on the floor, he might catch some infection from the germs. Thus, the ad arises the guilt feeling of not being a good homemaker if you haven't used Lizol.

Indian advertising uses fear in three ways.

Addressing anxiety: This is the most popular form addressing mainly the woman, mother and wife, and her "care-giving" persona. The active concern for her children and dear ones gives advertising an opportunity to raise her anxiety levels towards unseen but existent enemies. So, Pepsodent is about 'dishum dishum' germs caused by food; Dettol and Lifebuoy is about 'dirt' germs that cause disease and Saffola is about today's stressful life in general that makes her husband susceptible to "lifestyle" diseases at an early age.

These anxieties may not necessarily be disease-related - Complian is based on a mother's normal concern of "is my child growing right". Interestingly, anxiety is addressed either explicitly as in the case of Pepsodent and Dettol, or a little more implicitly as in Complian.

Demonstrate Danger: This is less frequently used because of the Indian cultural reluctance to talk about death and illness openly and because marketing theory states that you should sell benefits (positive stories) with brands rather than highlight fears. There is a hypothesis that people tune off negative messages and visuals - and are unaccepting of dangers. Yet, when you want to break inertia, fear helps to be most dramatic. It just forces the viewer to notice and listen: Saffola did it very successfully in the early 90s with its visual of a husband being wheeled into an operation theatre with the background sounds of an ambulance siren. However, the fear of rejection for a dark girl has been a major factor for 'Fair and Lovely' cream and it has been considered by the society as advertising in bad taste.

Light-hearted variation: is about demonstrating danger "light-heartedly" - the way Anchor brand proof switches have done over the years. When the fear is known, it works; else it ends being taken up casually.

Building tension: This is perhaps the most difficult to do in advertising. One of the ads showed a woman leaving the gas stove on and then captured the reactions of people, ignorant of this, trying to light a fire in the house for different reasons. Tension builds as to when the house could explode.

Adapted from: "Indian advertising uses the 'fear' factor, www.rediff.com, February, 2008

Research studies have proved that for the preferred reaction to occur, fear needs to be at the right level. If the level of fear in the ad is too low, the emotional response will not be forthcoming. Therefore, a selection of the appropriate fear level is important. It should be strong enough to heighten the drive of the people to buy a particular product. On the other hand, if the level of fear is too high, people may exhibit a defensive behaviour, may try to avoid the advertisement, or may not accept the threat. They may even take the view that the solution recommended in the ad may be inadequate to deal with so great a fear.

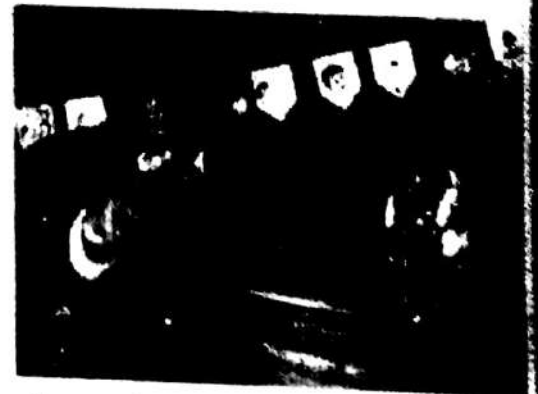
An advertisement based on fear appeal needs three elements to elicit the desired response from the audience. It must convince the audience that

1. the depicted threat is very likely,
2. that it will have severe consequences,
3. that the advocated behavioural change will lead to removal of the threat.

For instance, an ad by Cancer Patients Aid Association shows that cigarette smoking may lead to cancer which might result in death, and that quitting smoking can remove this threat.



One of the ways of making fear or anxiety ads more effective is to depict as the object of threat not the person seeing the ad but instead some family member or friend close to the ad viewer. An ad for an education policy taken for a child, or an ad for a floor cleaner to provide your child with a germ free environment are appropriate examples here.



It is also said that fear appeal is most effective when source credibility is high. Thus, the pulse polio campaign, which warns people about the threat of polio to their kids if they do not get them the dosage in time, uses celebrities like Amitabh Bachchan and Shahrukh Khan for sending the message across to the people.

An advertiser may try to induce a particular behavioral change by emphasizing either positive or negative appeals, or a combination of both. Positive appeals use the strategy of reducing a person's anxiety about buying and using a product, while negative appeals use the strategy of increasing a person's anxiety about not using a product or service. In general, a positive appeal stresses the positive gains to a person from complying with the persuasive message; the negative appeal stresses his loss if he fails to comply. David Ogilvy, the guru of advertising said that it is better for advertising to sell hope rather than fear; highlight the solution rather than the problem; create amazement rather than shock.

purpose of the product and can also cause low brand recall. If this is used then it should be an integral part of the product and should not seem vulgar. The shift should be towards sensuality.

Sex appeals are interpreted differently from time to time, region to region, person to person, country to country, and society to society. Even the same person reacts to them differently at different stages of his life cycle.

SOME OTHER ADVERTISING APPEALS

Given below is a list of some other advertising appeals used by the marketers.

1. Music Appeal

Music can be used as a type of advertising appeal as it has a certain intrinsic value and can help in increasing the persuasiveness of the advertisement. It

can also help capture attention and increase customer recall. The recent ad of Airtel with the jingle "Hare ek friend zaroori hola hai" uses music and tries to establish a positive emotional connect with its target audience, i.e. the youngsters, urging them to stay connected with their friends using Airtel and its services.

2. Scarcity Appeal

Scarcity appeals are based on limited supplies or limited time period for purchase of products and are often used while employing promotional tools including sweepstakes, contests etc.

3. Masculine/Feminine Appeal

Used in cosmetic or beauty products and also clothing. This type of appeal aims at creating the impression of the perfect person. The message is that the product will infuse the perfection or the stated qualities of muscularity or femininity in you.

4. Brand Appeal

This appeal is directed towards people who are brand conscious and wish to choose particular products to make a brand statement.

5. Snob Appeal

This appeal is directed towards creating feeling of desire or envy for products that are termed top of the line or that have considerable qualities of luxury, elegance associated with them.

6. Adventure Appeal

This appeal is directed towards giving the impression that purchasing a product will change the individual's life radically and fill it with fun, adventure and action.

7. Less than Perfect Appeal

Advertisements often try to influence people to make certain purchases by pointing out their inadequacies or making them feel less perfect and more dissatisfied with their present condition. These types of advertising appeals are used in cosmetic and health industries.

8. Romance Appeal

These advertisements display the attraction between the sexes. The appeal is used to signify that buying certain products will have a positive impact on the opposite sex and improve your romantic or love life. Fragrances, automobiles and other products use these types of advertising appeals.

9. Emotional Words/Sensitivity Appeal

These advertisements are used to drive at and influence the sensitivities of consumers.

10. Youth Appeal

Advertisements that reflect youth giving aspects or ingredients of products use these types of appeals. Cosmetic products in particular make use of these appeals.

11. Endorsement

Celebrities and well known personalities often endorse certain products and their pitching can help drive the sales.

12. Statistics

Advertisements also use statistics and figures to display aspects of the product and its popularity in particular.

13. Bandwagon Appeal

This type of advertising appeal is meant to signify that since everybody is doing something you should be a part of the crowd as well. It appeals towards the popularity aspect or coolness aspect of a person using a particular product or service.

ESSENTIALS OF AN ADVERTISING APPEAL

Given below are some essentials of an advertising appeal.

1. It should be interesting enough to hold the audience's attention.
2. It must be rightly used in conjunction with the product being advertised.
3. It must be believable. It should not make extravagant claims.
4. It must be exclusive or unique. Consumers must be able to distinguish the advertiser's message from the competitor's message.
5. It must contain truthful information. An ad that tries to deceive results in a bad reputation for the advertiser.

CONCLUDING NOTE

Advertising appeals can be rational, emotional or moral depending on the nature of the product, quality of the product, human needs and motives, the message to be conveyed and the advertising objectives to be met. The choice of appeals in advertising is an art and it requires a creative mind. Advertisers must try to strike the right link between their product and the appeal to get the desired behavioural response from the target audience.

ADVERTISING MESSAGE DECISIONS

DECISIONS

CONTENT

- Message Content
- Message Structure
- Drawing Conclusions
- Repetition
- One-sided Vs Two-sided Advertisements
- Order of Presentation
- Message Format
- Message Source
- Source Credibility
- Source Attractiveness
- Concluding Note

The message is considered as the most vital component in advertising communication process. The message is the thought, idea, attitude, image or other information that the advertiser wishes to convey to the target audience. How an advertising message is presented is critically important in determining its effectiveness. An ideal message should command and draw attention, hold the interest, arouse desire for possession of the product, and elicit action.

Formulating the message will require solving four problems:

1. What to say? – Message Content
2. How to say it logically? – Message Structure
3. How to say it symbolically? – Message Format
4. Who should say it? – Message Source

The effectiveness of a message depends to a large extent on the approach used by an advertiser to attract attention or interest of consumers and/or influence their feelings towards the product, service or cause. Through the use of different kinds of appeals, advertising attempts to communicate and influence the purchase and consumption behaviour of existing and potential customers. Some ads may be designed with an intent to appeal to the rational and logical aspect of the consumers' decision-making process and others might try to evoke some desired emotional response. Broadly, there are three types of advertising appeals – rational, emotional and moral.

Rational appeals in a message capture audience interest by claiming that the product will produce certain advantages. For example, messages demonstrating quality, economy, value or performance. Generally industrial buyers are the ones who respond the maximum to emotional appeals. They are knowledgeable about the product, trained to recognize value and are accountable to others for the choices they make. When consumers purchase expensive goods, they have a tendency to gather much information as they can beforehand for estimating the advantages. Rational appeals work well for such consumers.

Emotional appeals in a message attempt to stir up negative or positive emotions that will motivate an individual to go in for the purchase of the product. Marketers must search for the right emotional selling proposition. The product may have similarities to a competitive product, but its unique associations should be promoted. Advertisers may use positive emotional appeals like humour, love, pride and joy woven into their messages. Advertisers may also use negative appeals like fear, guilt and shame to get people to stop doing things like drinking, smoking, or taking drugs.

Moral appeals in messages are directed towards the audience's sense of what is right or wrong, good, proper, or correct thing to do. Moral appeals may be used for the purpose of exhorting people to support social causes and issues. For example, eye donation, helping the aged. The topic of Advertising Appeals is discussed in detail in Chapter 10 of the book.

Besides the message content, the effectiveness of a message also depends on its structure. The important aspects of message structure are: Drawing conclusions, repetition, one-sided versus two-sided arguments, and the order of presentation.

Drawing Your Conclusion

It is important for the advertisers to decide whether the message should allow the audience to draw their own conclusions about the product/service or the message should draw a definite conclusion for the audience.

Some of the early advertising experiments supported stating conclusions for the audience rather than allowing the audience to reach their own conclusions. However, such consumers feel that the message which draws a conclusion is an attempt at forcefully influencing their choice. Also, this may have negative reactions in the following situations.

- If the communicator is seen as untrustworthy, the audience members might resent the attempt to influence them.
- If the issue is simple or the audience is intelligent, the audience may be annoyed at the attempt to explain the obvious.
- If the issue is highly personal, the audience might resent the communicator's attempt to draw conclusion.

Recent research supports ads asking questions from the viewers and allowing them to form their own conclusions.

The advertiser should follow the following thumb rule when faced with the question of whether to draw conclusions for the audience.

- Complexity of the issue (more complex issue – draw conclusion)
- Level of education possessed by the receiver (less educated – draw conclusion)
- Whether immediate action required (Urgent action – draw conclusion)
- Level of involvement (low involvement – draw conclusion)

For instance, a soft drink like Pepsi (a low involvement product), when says, "Yahi hai right choice baby", is obviously drawing a conclusion for the consumers that this is the soft drink that they should drink.

Repetition

Repeating an ad message is often beneficial, for it develops a continuity of impression in the minds of the target audience, and may increase the predisposition to think and act favorably towards the products advertised. Everything else being equal, a repeated message increases awareness and knowledge on the part of the prospect. Audience retention improves with repetition, and falls off quickly when repetition is abandoned.

One-Sided vs. Two-Sided Advertising

This section discusses whether the advertiser should only praise the product or should also mention some of its shortcomings. The most common approach in sales and advertising is a one-sided approach where the advertiser talks about the benefits of the product. However, there are situations where two-sided messages which mention the shortcomings of the product turn out to be more effective as compared to one-sided messages. Listerine had a two-sided message which worked well. It said that Listerine tastes bad twice a day. One Canadian

Cough Syrup advertised "Relief is just a yuck away". These are examples of how an advertiser can intelligently put across a two-sided argument.

Some research findings indicate that

- One-sided messages tend to work best with the audiences that are initially favorably inclined to the claims made in the ad message. Two-sided arguments go well when audiences have an unfavorable opinion about the communicator's position.
- Two-sided messages tend to be more effective with educated audiences capable of sound reasoning.
- Two-sided messages tend to be more effective with audiences that are likely to be exposed to counter propaganda.

However, it is the single-side communication or one-sided messages that are commonly used, because it is difficult for the advertiser to refer to the product's shortcoming and still effectively persuade prospects to buy it.

Order of Presentation

Whether to put the strongest argument first or last in the advertiser's presentation is equally important. Sometimes this is considered a part of copywriting strategy. In a one-sided argument, it is advisable to present the strongest point first, for it will result in better attention and interest. This is especially important in newspaper advertising where the audience often does not attend to the whole message.

In case of a two-sided message, the issue is whether to present positive argument first or in the end. If the audience is initially opposed to the product, the advertiser might start with the negative argument first and conclude with the strongest argument.

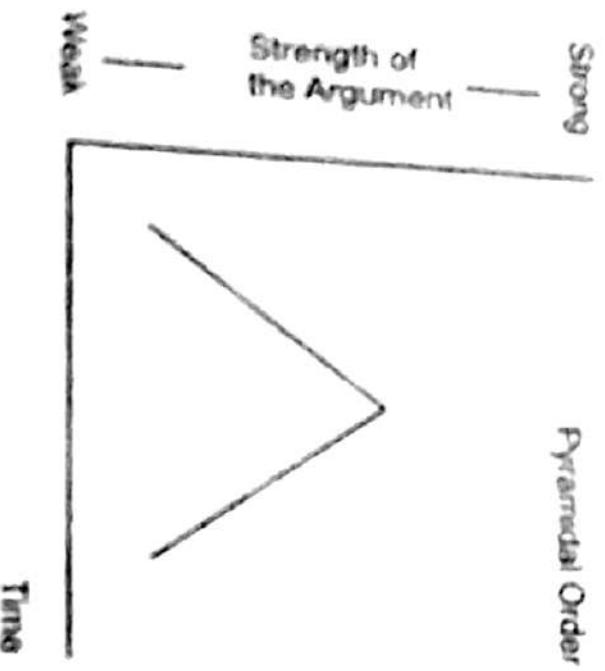
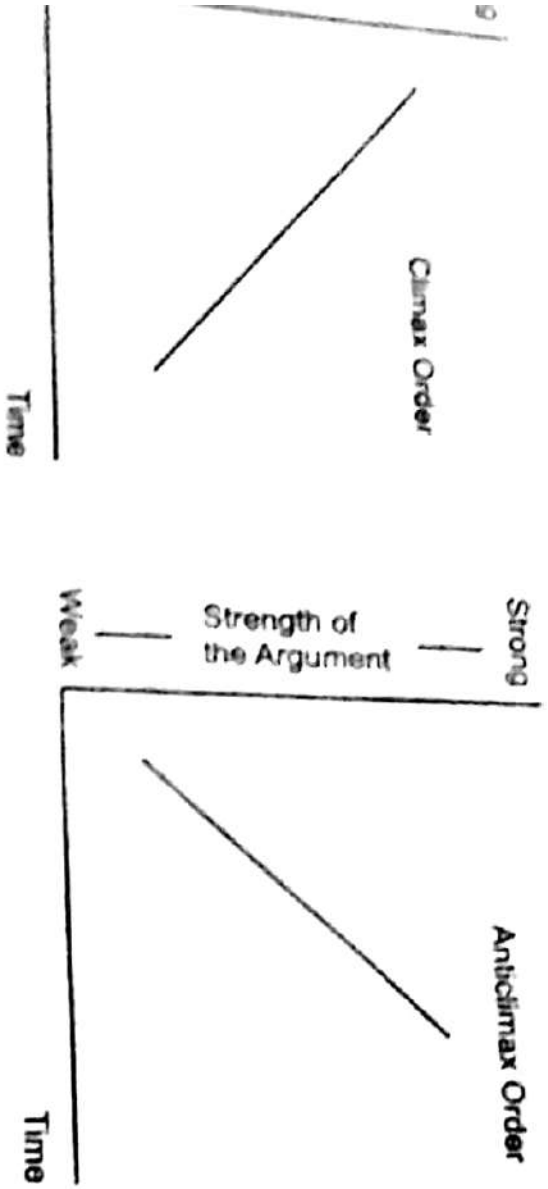
When the strongest message arguments are presented at the end of the message, it is called *climax* order. But when the most important message points are presented at the beginning of the message, it is referred to as *anticlimax* order. The main message points when presented in the middle are called *pyramidal* order. Figure 8.1 shows the climax order, anticlimax order and pyramidal order in the presentation of advertising message.

Based on research findings, the following guidelines can help in deciding the message order.

- When the audience is likely to have low involvement in a product category, an anticlimax order tends to be most effective.
- In case of audiences having high level of interest in the product category, a climax order tends to be most effective.
- The least effective order of presentation is believed to be the pyramidal order.

ADVERTISING PRINCIPLES AND PRACTICE

3.1. Climax, Anticlimax and Pyramidal order in Message Presentation



3.2. Primacy Effect: Primacy effect occurs when the information

attitudes could be liked and identified with. A source may be considered as high on one dimension of credibility (such as competence), but low on another. This might also have an impact on the effectiveness of the source in getting the desired response from the audience.

Expertise

Research findings show that expert and trustworthy endorsers are more persuasive than others who are considered less knowledgeable or trustworthy. A message coming from an expert influences beliefs, opinions, attitudes and behaviour because the audience believes that the information coming from such a source is accurate. For instance, a doctor may be considered as an expert in recommending a drug.

The consumers must also be convinced about the expert's trustworthiness. It often helps if trustworthy individuals say things that are not only favourable to the brand but also talk about some insignificant limitation of the product, as no product can be thought to be flawless.

Companies often use the following as message sources:

- Celebrity
- Expert
- Typical satisfied customer
- Announcer
- Company CEO

The selection of an appropriate spokesperson for a product or a service is an important, but a difficult decision.

Using a *celebrity* has the advantage of publicity and attention-getting power, regardless of the product type. Large segments of the audience can instantly recognize and identify with the famous celebrity and the product. Local celebrities associated with the celebrity can be used in local or actors or actresses who are not so well known can often be used in local or regional markets.

On the negative side, celebrities are not usually considered experts. It is not advisable to use celebrities for high-involvement products, especially when the consumers are looking for an expert advice or credible information. However, celebrities can also be experts in some situations. For instance, Sachin Tendulkar is not just a celebrity but also an expert in selecting sports shoes, and hence, the association with Adidas.

Furthermore, celebrities not only cost a lot but are hard to get as endorsers are usually contractually prohibited from endorsing similar or competing products. If some event happens to reduce the popularity of celebrity with the public, the publicity could backfire on the associated brand as well. For instance, when Ajay

Jadeja was allegedly involved in match fixing charges, Pepsi's ad featuring Jadeja was withdrawn. The advantages and limitations of using celebrities as endorsers are explained in detail in Chapter 11 of the book.

An *expert* is likely to be the best choice when the product is technical or consumers need to be reassured that the product is worth buying, especially in case of high-involvement products. An expert can dispel fears in the audience concerning the product whether those fears arise from not knowing how something works, concern about side effects, health-related concerns about product-use or concern about fulfilling a role such as father, mother, housewife, and so on. Doctors, lawyers, engineers, and other kinds of experts can be chosen and all considerably less cost than a celebrity. For instance, a doctor recommending Colgate and announcing that Colgate has been approved by the Indian Dental Association puts to rest many fears and reinforces the belief of consumers in Colgate toothpaste.

A *typical satisfied customer* is often the best choice when it can be anticipated that there will be strong audience identification with the role involved. The person is similar to many members of the target audience, and attributes of sincerity and trustworthiness are likely to come through. For instance, VLCC uses a typical satisfied customer for its weight-loss programme and, Harpic and Vim bar use a typical housewife to explain how these products can be helpful to a housewife. In 1980s, *bellydancer* became a household name when she urged every Indian woman to trust only Surf with *'surf to the limit'* motto.

Radio advertising uses an *announcer* spokesperson as the essential source component. The creativity uses in preparing the ad copy, the props used, and the announcer's special ability to bring about persuasive impact can make a radio ad successful.

Companies may sometimes also use *company CEO* as the spokesperson. For instance, Anil Ambani seen in the ad of Reliance. A CEO may be used as the spokesperson when some important message is to be communicated. Like enhancing the belief in the company (for instance, after the coke pesticide issue) or how a company has grown over a period of time (Reliance ad).

Research shows that the effectiveness of an endorser is related to the type of product being endorsed. In general, when the purchase is based more strongly on a brand's awareness and/or likability, like in many low involvement purchase decisions, a celebrity endorser is likely to be appropriate. A celebrity endorser may also be very useful when the consumers aspire to the lifestyle of that celebrity here. In contrast, experts are likely to be more appropriate for more rational and highly involved purchase decisions. For instance, an expert fund-raising group more effective in recommending a mutual fund as compared to a celebrity.

Attractiveness of a source refers to similarity, familiarity and likeability. Similarity is an assumed resemblance between the source and the members of the audience. Familiarity means that customers have knowledge of the source through exposure. Likeability is the affection developed for the message source as a result of physical appearance (for instance, film stars like Katrina Kaif) and behavioural aspects (for instance, cricketers like Sachin Tendulkar who are a pride of the country).

Advertisers often use physically attractive people in their ads to attract attention. Attractiveness generates positive influence and can lead to favourable evaluations of product as well as ad. The relevance and suitability of the message source depends on the nature of the product. For instance, a celebrity like Aishwarya Rai is suitable for endorsing a beauty soap like 'Lux'. However, even an attractive celebrity like Shahrukh Khan might not be suited to endorse a 'Quit Smoking' campaign.

Celebrities like film stars and cricketers are popular message sources because of their attractiveness and likeability. The marketers use celebrities to endorse their products because of many other reasons too. At the same time, celebrity endorsements have their own disadvantages.

No matter how big the advertising budget is, advertising can succeed only if the ads gain attention and communicate well. The purpose of advertising is to get the consumers to think about or react to the product or a message in a certain way. The creative concept guides the choice of specific appeals, advertising copy, illustrations, layout and message source to be used in an advertising campaign. All these message elements along with ad repetition and order of presentation of arguments work together to gain target customer's attention and to get the message across to him.

QUESTIONS FOR DISCUSSION

1. What are the various message decisions that an advertiser has to take?
2. What precautions should be kept in mind as far as drawing conclusions (about the product advertised) for the target audience is concerned?
3. Distinguish between one-sided and two-sided messages.
4. Discuss the meanings of climax order, anticlimax order and pyramidal order in context of the order of presentation of arguments in an advertisement?
5. How do various qualities of a message source influence the target audience? Explain with examples.
6. What type of an endorser will you use for the following products?
 - (a) Detergent Powder
 - (b) Toothpaste
 - (c) Beauty Soap
 - (d) Health Drinks

CREATIVE STRATEGIES IN ADVERTISING

CONTENTS

- Copywriting
- Advertising Copy and its Elements
- Requirements of an Effective Copy
- Types of Advertising Copies
- Print Copy Principles
- Radio Copy Principles
- Television Copy Principles
- Types of Television Commercials
- Jingles
- Illustrating
- Layout
- Concluding Note

Advertising is an art and hence, it is creative. Creative advertising needs to be imaginative, intelligent, sharp, to the point and extremely catchy. Creativity should focus the attention of the people on the product. The message and appeal made should be able to make positive impact on the consumers. Creative strategy is used in conceiving, writing, designing and producing advertising messages.

Copywriting, illustrating and layout are different parts of the creative stage of advertising development. Copywriting is the activity of putting words to paper, particularly those contained in the main body of the text (the main arguments and appeals used), headlines and sub-heads in broadcast, the copywriter is a script writer who develops the scenario or script to be used in radio or television medium. Writing a jingle, that is the lyrics for music may also be involved. Illustrating is usually the work of an artist in case