MBA-3.41
Advertising and Brand Management

Uttar Pradesh Rajarshi Tandon Open University

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Block
I

Basics of Marketing

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UNIT 1 INTRODUCTION TO MARKETING

Objectives

After reading this unit, you should be able to:

- Understand what marketing is
- Understand the difference between need, want and desire
- Explain the need of marketing strategy at different levels
- What are the tasks necessary for successful marketing management?

Structure

1.1 INTRODUCTION

Though marketing is talked and discussed in business terms today, its origin goes back to the ancient civilization when man used symbols, signs and material artifacts to transact and communicate with others. The term 'market' originates from the Latin noun 'Marcatus' which means 'a place where business is conducted'. A layman has somewhat similar connotations of the word 'market' which brings to his mind the vista of place where the buyers and sellers personally interact to finalize a deal. However, for the students of marketing, it has wider and deeper implications. It is not merely a place of exchange but an arrangement that provides an opportunity of exchanging goods and services for money.

Marketing, in modern times, means learning from customers, listening to customers and transforming the organization around customers. In this context, Philip Kotler has defined the term market as "an arena for potential exchanges". Similarly, as C.K. Prahalad puts it, the future lies in co-creation – a process where companies and their customers will collaborate to come up with products and services. The marketing professionals agree that this is one of the greatest challenges and that there are no ready-made solutions available. Customer education involves putting the knowledge of one's product at the disposal of customers. Educating the customer is tricky

because it involves establishing a rapport and an emotional connection with the customer.

Some marketing experts think that what we need today is 'customer connect' and educating the customer is the only means to achieve this. It involves everything, skills, attitudes, behavior and knowledge – and service also as a part of customer education. William J. Stanton has defined marketing as "a total system of interacting business activities designed to plan, price, promote and place want-satisfying products and services to present and potential customers". Marketing not only deals with goods and services but it also focuses on ideas, issues, concepts and principles.

1.2 MEANING OF MARKETING

In the present highly competitive economy, which can be called a buyer's market, it is the customer who wields full power. Marketing is managing profitable customer relationships. The basic objective of marketing is to attract new customers by promising and offering superior value and to retain and grow current customers by delivering satisfaction. Marketing deals with customers more than any other business function, and deals mainly with customers. "Marketing is a total system of business, an ongoing process of discovering and translating consumer needs and desires into products and services, creating demand for these products and services, serving the consumers and his demand through a network of marketing channels and expanding the market base in the face of competition. Most successful firms today practice the marketing concepts. That is, marketers first identify consumer needs and then provide products that satisfy those needs, assuring the organization's long-term profitability.

Needs

The concept of human needs is the fundamental concept underlying all marketing activities. A need is the difference between a consumer's actual state and some ideal or desired state. They are biogenic in origin and include physiological needs for food, clothing warmth, shelter and safety. Social needs are craving for belonging and affection. Knowledge and self-expression are the other individual needs of human being. When the difference between consumer's actual state and some ideal state is big enough, the consumer is motivated to take action to satisfy the need. Needs can be related to physical functions such as eating or to psychological ones like wanting to look good. All these needs are basic requirements of any individual, and are not a creation by marketing people.

Wants

The specific way a need is satisfied depends on an individual's history,

learning experiences and cultural environment. A want is a desire for a particular product used to satisfy a need in specific ways that are culturally and socially influenced. However, how each person satisfies the need might be quite different. When an American needs food, he may want a greasy cheeseburger and fries; whereas, if an Indian needs food, he may want chapattis or rice, and coffee or tea. Wants are shaped by the society in which one lives and are described in terms of products that will

satisfy needs. The only other difference between needs and wants is that while human needs are limited, wants are unlimited.

Demand

When desire is coupled with the buying power or resources to satisfy a want, the result is demand. Based on their needs, wants and buying capacity, consumers ask for or demand products which they feel will give them maximum value and satisfaction. Most of the marketing companies take pains to study and understand their customer's needs, wants and demands, based on which they plan their strategies for products and promotions.

Difference between Selling and Marketing

Most of the people use 'marketing' and 'selling' as synonyms, though there is a substantial difference between both the concepts. Selling and marketing brings different orientations to business; hence managers are expected to follow different kinds of strategies for business success.

Under selling concept, the need for some selling is taken for granted. It has a product focus and is mostly producer driven. It is only the action part of marketing and has short-term goals of achieving certain level of revenue, profit and market share. When the focus is on selling, the businessman thinks that sales must start immediately after the production schedule is complete. Also that the task of the sales department to sell whatever the production department has manufactured. Selling converts the product into cash for the company in the short run.

Under the marketing concept, the aim of marketing is to render selling superfluous. Marketing is a wider approach than selling and is dynamic in nature. With full understanding of customer demand, the product must fit or match the buyer needs entirely and it should sell itself without any promotion efforts. Its focus is on the customer rather than the product. In marketing, the process starts with the identification of consumer needs and will not end until consumer feedback is taken to measure his or her satisfaction. According to Theodore Levitt 'the difference between selling and marketing is more than semantic. A truly marketing minded firms

offering is determined not by the seller but by the buyer by creating value satisfaction.

Marketing is the basic reason for the existence of a business organization. It works as the guide for all business/non-business organizations. Marketing is something which is going on all around us. Marketing people are busy calling for our attention always, to try a product or service. It is a powerful mechanism which alone can satisfy the needs and wants of consumers at the effectiveness with which its marketing strategies are formulated and implemented. It is said to be the eyes and ears of a business organization as it keeps the business in close contact with its economic, political, social and technological environment and informs it of events that can influence its activities as per requirements of the market.

Marketing helps in having a good range of products and suggest to the management the scope for improving and developing new products to satisfy the changing customer needs. An effective marketing effort is in accordance with ethical business practices and should be effective from both the social and business point of view. This approach emphasizes the need for efficiency in distribution. The nature, type and degree of efficiency are largely dependent upon the kind of marketing environment within which the enterprise operates. With the changing business scenario, marketing has taken the shape of value-added marketing activity, wherein the basic pressure of any marketing activity for sales in a planned way is how the four Ps, i.e., product, price, promotion and place are tuned.

In short, modern marketing begins with the customer, not with production cost, sales, technological landmarks and it ends with the customer satisfaction and social well-being. Under the market-driven economy buyer or consumer is the king.

1.3 DEFINITION OF MARKETING

The American Marketing Association defines marketing as "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationship in ways that benefits the organization and its stakeholders.

Michael R. Solomon defines marketing is a process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. From a broader social point of view, definition of Paul Mazur is more relevant. Mazur defines marketing as the creation and delivery of a standard of living to society. This is a much broader approach, which views the firm as an organized behavior system designed to generate

outputs of value to consumers. The modern marketer is called upon to set marketing objectives, develop the market plan, organize the marketing function, implement the marketing plan or program and control the marketing program to assure the accomplishment of the set marketing objectives. There are various misconceptions about marketing. Many people assume that marketing is expenditure and it does not take care of the scarce resources of the organization. Contrary to this, an effective marketing program is always linked with a performance measure like return on investment. Marketing means managing markets to bring about profitable exchange relationship by creating value and satisfying needs and wants. Therefore, it is defined as a process by which individuals and groups obtain what they need and want by creating and exchanging products and value with others. The elements of modern marketing system are shown in figure 1.1.

The suppliers provide raw materials to produce goods. The company (marketer) and its competitors send their offers and communication to customer directly or through marketing intermediaries. The customer compares the value and satisfaction offered in each product or service and decides to buy. All these factors in the marketing system can be affected by environmental force like – demographic, economic, social, political, legal, cultural and technological etc. A company's success in marketing as a function depends on how well entire system serves the needs of final customers.
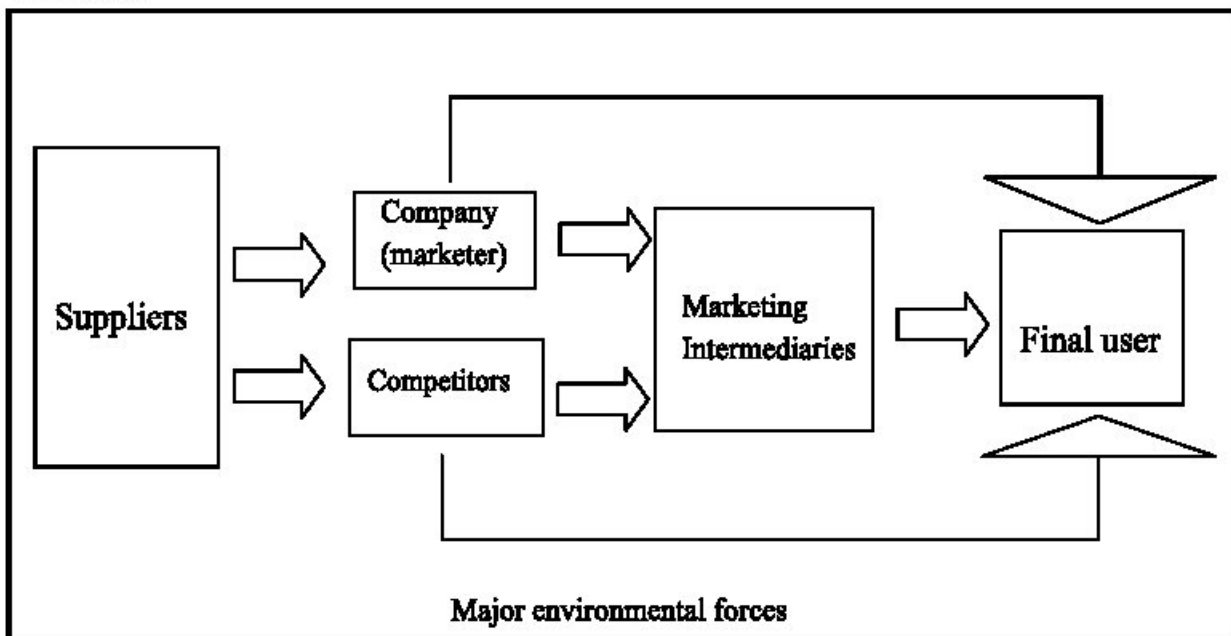

Figure 1.1: Elements of a Modern Marketing System

1.4 MARKETING MANAGEMENT

According to Philip Kotler, "Marketing management is the art and science of choosing target markets and building profitable relationship with them. This involves getting, keeping and growing customers through creating, delivering and communicating superior value." Thus marketing management involves managing demand, which in turn, involves managing customer relationship.

Marketing as an exchange of value

To create exchange is the heart of every marketing act. An exchange occurs when something is obtained for something else in return, which means that some transfer of value occurs between a buyer and a seller. The buyer receives an object, service or idea that satisfies a need and the seller receives something he or she feels is of equivalent value. That means that something (or someone) may be worth a lot to one person but not to another. The challenge to the marketer is to create an attractive value proposition; a marketplace offering that fairly and accurately sums up the value that will be realized if the product or service is purchased. There are two pitfalls to this basic idea: First, the product or service can be oversold and the second, the product or service can be undersold.

Marketing as an exchange process has gained significance over the years, as it has tried to conceptualize marketing behavior. Though a customer can get involved in different kinds of exchanges while buying a product, the scope of understanding exchange in the context of marketing is confined to the economic institutions and consumers in the traditional sense. Broadly there are three types of exchanges: restricted, generalized and complex exchanges. For an exchange to occur, at least two people or organizations must be willing to make a trade, and each must have something the other values. Both parties must agree on the value of the exchange and how it will be carried out. Each party also must be free to accept or reject the other's terms for the exchange.

Successful marketing does not generally come about by accident, it needs to managed effectively. Three fundamental aspects of marketing management can be identified: processes, structures and outcomes. Marketing is a matching process by which a producer provides a marketing mix (product, price, promotion and physical distribution) that meets consumer demand of a target market within the limits of society. The process is based on corporate goals and corporate capabilities. Marketing process brings together producers and consumers – the two main participants in exchange.

Marketing management is a process of identifying customer needs and

wants and then developing a marketing program to satisfy customer needs with a profit. So, effective marketing starts with the identification of a set of consumers and their need structure. A marketer needs to identify marketing opportunities by analyzing and scanning external environment and collecting market related information to estimate current market demand and forecast future potential. Marketing management process consists of four key stages, namely market analysis, marketing planning, implementation of the marketing program and control of the total marketing effort. Some of the basic questions which needs to asked are as follows:

Analysis: Where are we now? What are the strength and weaknesses of the company and its products? How does the company's market share compare with that of its competitors?

Planning: What is the mission of the business? Where do we want to be? What strategy will be adopted in order to achieve those objectives? What objectives should be set for the next year?

Implementation: How are we going to put into effect the strategy that will lead us to our objectives?

Evaluation and control: Did we achieve our objectives? If not, why? How can deficiencies be rectified?

The marketing manager assumes the role of a solution provider rather than a product manufacturer. Market analysis helps the marketer to identify new markets for existing products and for the new one. Marketing plan is not effective unless it is implemented. Without a proper implementation program, marketing planning exercise is just paper work. Companies typically

produce a strategic marketing plan for a five-year period. Over this time period, projections can be subject to a great deal of speculative estimation. Nevertheless, a five-year strategic plan can be vital to give a sense of direction to a company's marketing efforts. Over the shorter terms, companies usually produce an annual plan which gives more details of how the strategy will be implemented over the forth-coming 12-month period.

A marketing manager has to take various decisions for developing a successful marketing program. Marketing decisions are taken under certain assumptions about the environment. Many a times, when these assumptions go wrong, marketing program fail. Environmental factors are external to the organization and beyond the control of the marketing manager. He needs to take note of the current environment and assume risk to develop opportunities and avert threats for marketing success.

1.5 MARKETING MIX

The marketer's task is to determine the best way to present a good or a service for consumer's consideration, the marketer has many decisions to make, and so he or she needs many tools. Marketing activities comes in all forms. McCarthy classified these activities as marketing- mix, which consists of the tools that are used together to create a desired response among a set of predefined consumers. Marketing mix consists of four Ps: product, price, promotion and place. These tools include the activities that introduce it to consumers.

The particular marketing variables under each P are shown in Figure 1.2. A successful marketing strategy must have a marketing mix as well as a target market for whom the marketing mix is prepared. The firm can change its price, sales force size and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. The marketing mix will change according to changing marketing conditions and also with changing environmental factors like social, technical, economic and political etc. affecting each market.

Figure 1.2: Elements of Marketing Mix

1.6 MARKETING STRATEGY

Planning is an ongoing process of making decisions that guide the firm both in the short term and for the long term. Peter Drucker has rightly defined business planning "as a continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the effort needed to carry out these decisions against expectations through organized feedback. Planning identifies and builds on a firm's strengths, and helps managers at all levels make informed decisions in a changing business environment. Planning

means that an organization develops objectives before it takes action.

Strategic Planning

Strategic planning is the managerial decision process that matches the organization's resources and capabilities to its market opportunities for long-term growth. Strategic planning is long term planning by the top management. This plan specifies organization's primary goals and objectives and focuses on the entire organization. Many large firms realize that relying on only one product can be risky, so they have become multiproduct companies with self-contained divisions organized around products or brands. These self-contained divisions are Strategic Business Units (SBUs) – individual units within the firm, each having its own mission, business objectives, resources, mangers and competitors. At the SBU level, top managers typically establish a mission, conduct an analysis of the environment, set business goals, and develop growth strategies.

Characteristics of a Good Marketing Plan

A marketing plan is a document that describes the marketing environment, outlines the marketing objectives and strategy and identifies who will be responsible for carrying out each part of the marketing strategy. A good marketing plan should communicate to every member what is desired of each member, so that they have some level of goal clarity, understanding of assumptions that lie behind the goals and the context of each activity and decision. Different organizations follow different kind of planning approach. Organizations where top management sets both the goals and plan for the lower management, follows a top down approach. In some organizations each unit creates its own goals and plans, which are then approved by the top management, are called as bottom up approach. Because marketing is so central to a firm, in many cases strategic planning and marketing planning are almost inseparable. Of course, top business planners and marketing managers don't just sit in their offices dreaming up plans without any concern for the rest of the organization.

Strategic Planning at Corporate Level

Top management is involved in the corporate planning process. Corporate planning is a term used to denote a formal, comprehensive and systematic appraisal of internal environment to achieve organizational objectives.

Establishing Corporate Mission

Top management's first step in the strategic planning stage is to answer few questions such as: What business are we in? What will it be? What customers should we serve? A well-defined corporate mission guides all other decisions, including the marketing strategy of a firm. A corporate mission statement is a formal document that describes the organizations

overall purpose and what it hopes to achieve in terms of its customers, products and resources. For example, DuPont's mission statement reads as "Better things for better living through chemistry". Coca-cola has a mission statement that reads as "Our challenge will be to enhance and protect the coca-cola trademark, giving shareholders an above-average return and entering new businesses only if they can perform at a rate substantially above inflation." Organizations develop mission statement to share with their multi stakeholders, including customers. The ideal mission statement is not too broad, too narrow, or too shortsighted. A mission that is too broad will not provide adequate focus for the organization. It doesn't do much good to claim.

The next step in the corporate planning process is setting up of corporate objectives. These are specific accomplishments or outcomes that an organization hopes to achieve by a certain time. Every company has a potential set of objectives such as follows:

- To grow the business profitably.
- To enhance shareholder value through a balanced program of dividends and share repurchases.
- To increase the ability to compete in global markets.
- To conduct the business as a responsible manufacturer and marketer.

Finally, corporate objectives help in narrowing down the procedure for setting goals. Goals are used to plan, control and evaluate business activities of a company. They provide source of motivation, a basis for incentive, standards of performance evaluation of the marketing personnel and to uncover the strength and weaknesses in the marketing structure of the firm. Goals should be measurable otherwise the success of a business and marketing plan cannot be measured. Goals should be acceptable to majority of peoples in the organization and should suit the company's image and market position.

The Business Portfolio

For companies with several different SBUs, strategic planning includes making decisions about how to best allocate resources among these businesses to ensure growth for the total organization. These plan allocation is on the basis of the performance of the SBU in the past, its current market position and future potential in generating revenue for the firm. Just as the collection of different stock an investor owns is called a portfolio, the range of products that a large firm owns is called its business portfolio. Having a diversified portfolio of products reduces the firm's dependence on one product or one group of customers. Portfolio analysis is a tool management uses to assess the potential of a firm's products or businesses. It helps management

decide which of its current products should receive more or less of the firm's resources and which of its lines of business consistent with the firm's overall mission.

The Boston Consulting Group's Growth Share Matrix (BCG Matrix)

The BCG growth-market share matrix is developed by the Boston Consulting Group (BCG). The BCG method focuses on the potential of a firm's existing successful products to generate cash that the firm can then use to invest in new products. New products are chosen for their potential to become future cash generators. The BCG matrix involves strategic business units being positioned in a matrix on the basis of market growth rate and their market share, relative to that of the largest competitor. The vertical axis represents the attractiveness of the market, the market growth rate. It ranges from 0 to 20 percent; it can be separated into 'high' and 'low' areas. The horizontal axis shows the company's current strength in the market through its relative market share. It ranges from 0.1 to 10. Relative market share is calculated as an SBU's market share, divided by the market share of the largest competitor in the same market. Strategic business units can be positioned as a circle in the matrix. The size of the circle represents the proposition of company's sales generated by that particular business unit.
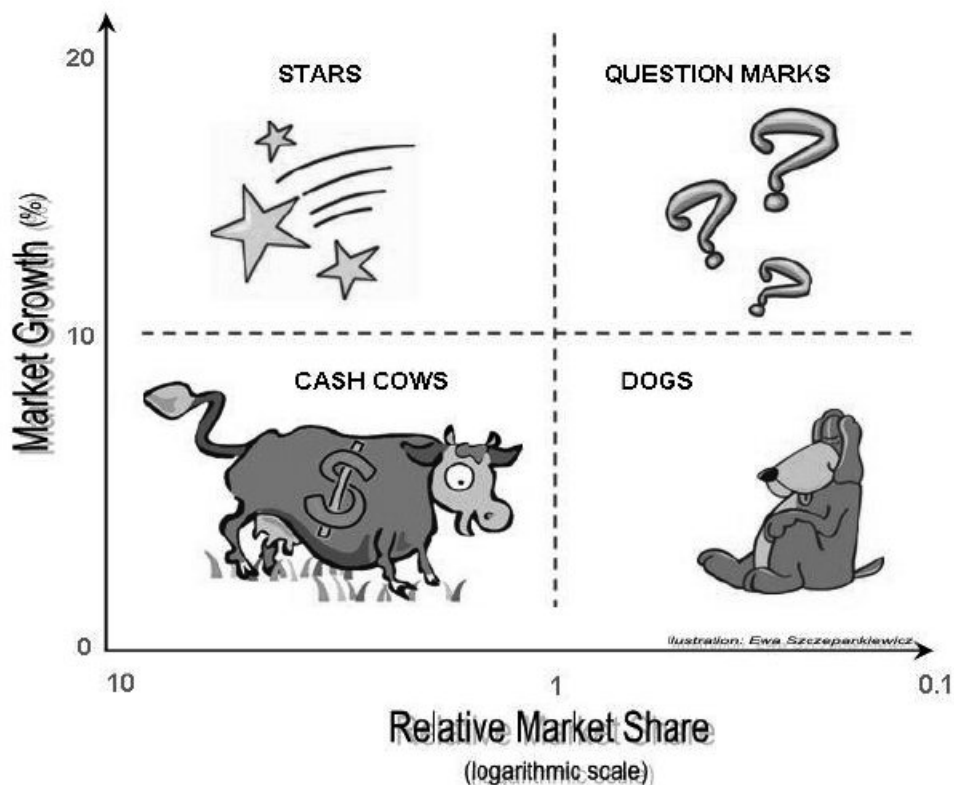
Figure 1.3: BCG
Growth-Market Share
Matrix

Let's take a closer look at each cell in the grid.

Stars: Stars are SBUs with products that have a dominant market share in high-growth markets. Because the SBU has a dominant share of the market, stars generate large revenue, but they also require large amount of funding to keep up with production and promotion demands. Because the market has a large growth potential, managers design strategies to maximize market share in the face of increasing competition. The firm aims at getting the largest share of loyal customers so the product will generate profits that can then be plowed into other parts of the company.

Cash Cows: Cash cows have a dominant market share in a low-growth potential market. Because there's not much opportunity for the new products, competitors don't often enter the market. At the same time, the product is well established and enjoys a high market share that the firm can sustain with minimal funding. If the firm's goal is to increase revenues, having too many cash cows with little or no growth potential can become a liability.

Question Marks: Question marks-sometimes called problem children-are products with low market share in fast-growth markets. When a business is a question mark, it suggests that the firm has failed to compete successfully. Perhaps the product offers fewer benefits than competing products. Maybe its price is too high, its distribution is ineffective or its advertising is too weak. This firm could pump more money into marketing the product and hope that market share will improve.

Dogs: Dogs have a small share of a slow-growth market. They are specialized products in limited markets that are not likely to grow quickly. When possible, large firms may sell off their dogs to smaller firms that may be able to nurture them or they may take the product off the market.

BCG growth share matrix has some limitations. SBUs have life cycles and over a period of time, they change their positions on the matrix. Merely by identifying position of a SBU does not lead to selection of a particular strategy. This is because firms do not aim for the same growth rate or relative market share. Each business unit has different potentials and needs its own strategy.

General Electric Multi Factor Portfolio Matrix

Some of the problems faced with BCG matrix can be improved in the Multi Factor Portfolio Matrix used by General Electric Corporation. This matrix involves SBUs being positioned on a matrix on the basis of market attractiveness and business strength. These two factors make excellent

marketing sense for rating an SBU. Market attractiveness and business strength depend on a number of factors. The procedure involves assigning each of the factor a weight depending on its perceived importance, followed by assessing how each SBU compares on each factor on a 1 to 7 rating scale, and then computing a weighed composite rating. The size of each circle represents the size of the relevant market rather than the size of the company's business. A strong company operating in an unattractive market or a weak company operating in a strong

market will never give better results to the firm. So for the business success, it is necessary that both the factors should be strong for the SBU.

Strategic Planning at the SBU Level

After discussing how strategic planning in large firms occurs at the corporate level. Now it's time to strategic planning for business unit level. Each SBU operates in a different market conditions. So the business mission should stem from the overall corporate mission and objective of the firm. It should essentially express why it is in the business portfolio of the company and what function the corporate expects it to play.

Evaluating the Environment: SWOT Analysis

For a small business or a strategic business unit, the second step in strategic planning is to assess its internal and external environment. Managers call this evaluation a SWOT analysis because it tries to identify meaningful strengths (S) and weaknesses (W) in the organization's internal environment and opportunity (O) and threats (T) coming from outside the organization-the external environment. A SWOT analysis enables a firm to develop strategies that make use of what the firm does best in seizing opportunities for growth, while at the same time avoiding external threats that might hurt the firm's sales and profits.

SWOT Analysis

Strengths S
- Technological skills
- Leading Brands
- Distribution channels
- Customer Loyalty/Relationships
- Production quality
- Scale
- Management

Weaknesses W
- Absence of important skills
- Weak brands
- Poor access to distribution
- Low customer retention
- Unreliable product/service
- Sub-scale
- Management

Opportunities O
- Changing customer tastes
- Technological advances
- Changes in government politics
- Lower personal taxes
- Change in population age
- New distribution channels

Threats T
- Changing customer base
- Closing of geographic markets
- Technological advances
- Chages in government politics
- Tax increases
- Change in population age
- New distribution channels

Internal factors

External factors

Positive

Negative

Figure 1.4: SWOT
Analysis

By internal environment, we mean all of the controllable elements inside an organization that influence how well the organization operates. Internal strength may lie in the firm's technologies. A firm's physical facilities can be an important strength or weakness, as can its level of financial stability, its relationship with suppliers, its corporate reputation and its ownership of strong brands in the marketplace. The external environment consists of elements outside of the organization that may affect it either positively or negatively. The external environment includes consumers, government regulations, competitors, the overall economy and trends in popular culture. Opportunities and threats can come from any part of the external environment. Sometimes trends or currently unserved needs provide opportunities for growth.

1.7 SUMMARY

Marketing is a dynamic and pervasive subject in business that makes the whole organization ready to serve the customers. Philip Kotler who defines marketing as a social activity directed towards satisfying customers' needs and wants through an exchange process. Marketing management is the art and science of choosing target markets and getting, keeping and growing

customers through creating, delivering and communication superior customer value. Marketing are skilled at managing demand: they seek to influence the level, timing and composition of demand. Marketers are involved in marketing many types of entities: goods, services, events, information, persons, places, properties, organizations, information's and ideas.

The marketing mix is the four Ps of marketing: product, price, promotion and place. The product is what satisfies customers' needs. Products can be goods, services or ideas. The price is the assigned value or amount to be exchanged for the product. The place or channel of distribution gets the product to the customer. Promotion is the organization's efforts to persuade customers to buy the product. The four Ps are strongly interrelated, so decisions about one P influence the other as well.

Business planning includes strategic planning by top-level managers at the corporate and at the strategic business unit (SBU) level. Tactical planning is done by middle managers and operations planning by lower level managers. Decisions about the firm's portfolio of strategic business units are often made with the help of such planning tools as the Boston Consulting Group matrix, which assesses SBUs on market growth potential and the firm's relative market share. Strategic planning for SBUs or smaller businesses begins with defining the firm's business mission. Managers may determine the business growth strategy with the product-market growth matrix. Each product level within a business unit must develop a marketing plan for achieving its goals. The marketing plan is one of the most important outputs of the marketing process.

1.8 KEY WORDS
- **Marketing:** The performance of business activities that direct the flow of goods and services from producer to consumer or user.
- **Exchange:** The process by which some transfer of value occurs between a buyer and a seller.

- **Need:** Recognition of any difference between a consumer's actual state and some ideal or desired state.
- **Want:** The desire to satisfy needs in specific ways that are culturally and socially influenced.
- **Demand:** Customer's desire for products coupled with the resources to obtain them.
- **Marketing Plan:** A document that describes the marketing environment outlines the marketing objectives and strategy and identifies who will be responsible for carrying out each part of the

marketing strategy.

- **Strategic Business Unit:** Individual units within the firm that operates like separate businesses, with each having its own mission, business objectives, resources, managers, and competitors.
- **Portfolio analysis:** A management tool for evaluating a firm's business mis and assessing the potential of an organization's strategic business units.

1.9 SELF-ASSESSMENT TEST

1. Go through any newspaper. Find an ad for a product that you feel gives you good value for your money. What have you learned about the concept of value from this exercise?
2. Marketing is a reflector of standards of living, compare the products available in the nineties and in this century to show how marketing has improved the standard of living of the people?
3. To understand what marketing is all about, pretend you are looking for a job, you need to market yourself. Using the four Ps, write a description of your product, price, place and promotion strategies?
4. Do you agree that marketing is a firm's most essential functional area? Write a short note to your boss about how many resources to devote to each of the major functional programs and why?

1.10 Further Readings

Peter F. Drucker, Management: Tasks, Responsibilities, Practices (New York: Harper & Row, 1972), 64-65.

E Jerome McCarthy and William D. Perreault, Basic Marketing: A Global-Managerial Approach, 14th ed. (Homewood, IL: McGraw-Hill Irwin, 2002).

UNIT 2 MARKETING IN A DEVELOPING ECONOMY

Objectives

After reading this unit, you should be able to:

- Understand the concept of a developing economy
- Understand the relevance of marketing in a developing economy
- Understand the relevance of social marketing
- Understand the role of marketing in relation to some selected industry and service sectors.

Structure

2.1 INTRODUCTION

Before discussing the relevance and role of marketing in a developing economy let us first understand what exactly an economy means and what the significance of developing economy is. In simple terms an economy means system or range of economic activity in a country, region, or community or it is the wealth and resources of a country or region, especially in terms of the production and consumption of goods and services. Developing economy means when an economy shifts its emphasis from agriculture to industry, and it is less developed in terms of gross national product, per capita income, industrial development, infrastructure facilities, motivations and attitudes of its people etc. as compared to developed countries.

In other words, in a developing economy there is a shift in the standard of living, education and the use of technology rise. These countries are developing countries. In such locales, there may be a visible middle class, often largely composed of entrepreneurs working hard to run a successful small business. The developing economies always try to achieve growth in the gross national product through generation of additional income in various sectors of an economy such as agriculture, industry, mining and international trade in a panned manner.

2.2 MARKETING AT DIFFERENT LEVELS OF ECONOMIC DEVELOPMENT

When marketer lookout for opportunities, it helps if they consider a country's level of economic development to understand the needs of people who lives there and the infrastructure conditions with which they must deal. The economic level of a country is the single-most important environmental element to which the foreign marketer task. The attitude towards foreign business activity, the demand for goods, the distribution systems found within a country, and the entire marketing process are affected by the stages of economic growth within a country. In static economies consumption patterns become rigid and marketing is typically nothing more than a supply effort, whereas in dynamic economy consumption patterns change rapidly. Marketing is constantly faced with the challenge of detecting and providing for new levels of consumption and marketing and marketing efforts must be matched with ever changing marketing needs and wants.

Economic development puts forward a two-sided challenge:

i) A study of the general aspects of economic development is necessary to gain empathy regarding the economic climate within developing countries.

ii) The state of economic development must be studied with respect to market potential, including the present economic level and company's growth potential.

The current level of economic development prescribes the nature and degree of market potential that exists, while the knowledge of dynamism of the economy allows the marketer to prepare for economic shifts and emerging markets. Normally economic development is characterised by the increase in the national production that result in an increase in the average per capita gross domestic product (GDP). Other than an increase in the average per capita GDP most interpretations of the concept also imply a widespread distribution of the increased income. Economic development, as it is defined today, tends to mean a rapid economic growth and increased consumer demand – improvements achieved in decades rather than in centuries.

Levels of Economic Development

The best-known model for classifying countries by degree of economic development is the five- stage model presented by Walt Rostov. Each stage is a function of cost of labour, the technical capability of the buyers, the scale of operations, interest rates, and the level of product sophistication. Growth is the movement from one stage to another and countries in the first three stages are considered to be economically underdeveloped. The stages are described briefly as follows:

Level 1 – The Traditional Society

Countries in this level lack the capability of significantly increasing the level of productivity. There is a marked absence of systematic application

of methods of modern science and technology. Literacy is low, as are other types of social overhead.

Level 2 – The Preconditions for Take-off

This second level includes societies in the process of transition to the take-off stage. During this period, the advances of modern science are beginning to be applied in agriculture and

production. The development of transportation communications, power, education, health, and other public undertakings has begun in a small but important way.

Level 3 – The Take-off

At this level, countries achieve a growth pattern that becomes normal condition Human resources and social overheads have been developed to sustain steady development and agricultural and industrial modernization lead to rapid expansion.

Level 4 – The Drive to Maturity

After take-off, sustained progress is maintained and the economy seeks to extend modern technology to all economic activity. The economy takes on international involvement. In this level, an economy demonstrates that it has the technological and entrepreneurial skills to produce not everything but rather anything it chooses to produce.

Level 5 – The Age of High Mass Consumption

The age of high mass consumption leads to shifts in the leading economic sectors towards durable consumer goods and services. Real income per capita rises to the point where a very large number of people have significant amounts of discretionary income.

Although Rostow's classification has met with some criticism because of the difficulty of distinguishing among the five stages, it provides the marketer with some indication of the relationship between economic development and the types of products a country needs and of the sophistication of its industrial infrastructure.

2.3 RELEVANCE OF MARKETING IN DEVELOPING

ECONOMY Marketing and trade plays an important role in the economic development and overall development of a nation. These roles can be classified in terms of, (1) specialisation in activities of comparative advantages, (2) enhanced resource-use efficiency and trade and (3) advances in marketing with economic growth. A comparative advantage exists when an individual or region can produce a good, relative to the price of other goods, more cheaply than another individual or region. Through

specialisation and trade, a community is better able to utilise its limited resources. Specialisation and the resulting efficiency of resource-use is the basis for economic growth and development.

As markets and economies develop, surpluses occur more frequently in profitable activities, creating new wealth, while products are moves greater distances than before. Thus, trade is a necessary ingredient for economic growth. Marketing is simply the means by which trade occurs. With economic development, the activities and tasks of marketing increase. Activities such as storage, processing, packaging and retail distribution becomes more important. Greater activity moves away from the site of production and towards marketing. This, in turns, creates employment opportunities and further specialisation. With development more economic agents

may enter trade, helping to improve marketing services and in some cases allowing the market to capture external economies of scale.

Marketing for economic development is often routinely treated as a series of special cases addressing specific market segments or community attributes in general. Marketing ensures a planned economic growth in developing economy where the scarcity of goods, services, ideas and excessive unemployment, thereby marketing efforts are needed for mobilisation of economic resources for additional production of goods, services and ideas resulting in greater employment. Marketing therefore, is an economy's arbiter between productive capacity and consumer demand. In addition, marketing process is a critical element in the effective utilisation of the production resulting from economic growth and balance between higher production and higher consumption.

Effective marketing not only improves the life-style and well-being of the people in a specific economy, but upgrades world markets; after all, a developed country's best customer is another developed country. Although marketing cannot create purchasing power, it can uncover and direct that which already exists. Increased economic activity leads to enlarged markets which set the stage for economies of scale in distribution and production that may not have existed before.

General Role of Marketing

The first and foremost role of marketing is that it stimulates potential aggregate demand and thus enlarges the size of the market. Now the question is, how it helps in the economic growth of a country. The answer is that through stimulation of demand people are motivated to work harder and earn additional money to buy the various goods, services and ideas being marketed. An additional advantage is that it accelerates the process of magnetizing the economy, which in turn facilitates the transfer of investible resources.

An important role which marketing plays is that it helps in the discovery of entrepreneurial talent. Peter Drucker makes this point very succinctly when he observes that marketing is a multiplier of managers and entrepreneurs. Still another important contribution which marketing makes is that it helps in sustaining and improving the existing levels of employment. When a country advances economically it takes more and more people to distribute goods and proportionately a lesser number to make them. That is from the employment point of view production becomes relatively less significant than marketing and the related services of transportation, finance, communication, insurance, etc. which spring around it.

2.4 AREAS OF RELEVANCE

Peter Drucker emphasized the grandness of marketing in developing countries because it is capable of answering the critical need. It is a common knowledge that in most developing countries the government and its confederative enterprises own a major portion of the productive sector of the economy. Often government makes all policies which prove counterproductive to the marketing efforts of individual firms. It is, therefore, essential that the government understand marketing and its implications to further their aim at national development. The role of marketing is incomplete without giving adequate importance to the overall field of management. Implementation of good ideas requires good management. The following conditions should be met before any government embarks on a marketing approach: (a) Recognising that marketing and management are professional disciplines and (b) Recognising that in organising different governmental operations, deliberate screening of candidates for their competence in the field of management is essential. Marketing function is relevant equally to all business firms in various sectors of a developing economy. Considering the typical characteristics of a developing economy and its growth needs, it appears that certain sectors of the economy need relatively greater level of marketing effort than others. Some of the fundamental problems where marketing can become useful is as follows:

Marketing for Agricultural development and Farm Productivity

In some of the developing economies inefficient methods of irrigation, lack of mechanization in farming, inadequate supplies of fertilizers and natural disaster leads to low farm productivity. But one fundamental problem which is not recognized is lack of marketing system. If all farmers can be provided with production inputs, the financial system, the market and the agricultural knowledge they can improve the agriculture. Development of rural market system is of fundamental urgency in bringing about the necessary agricultural revolution.

Proper incentives should exist for a subsistence farmer to produce more. The most basic incentive is his access to the national markets. Marketing technology can pay a major role in enabling this phase of institutional development. The marketing system could be a part of community centre

which offers a variety of services social, economic and educational to its community. The concept of community centre is not new. Its design and development needs a variety of interdisciplinary skills, of which marketing is one of critical contributors. Marketing technology can help define the economic, financial services and management components of the community centre.

Industrial and Entrepreneurial Growth

For the purpose of industrial growth many of the countries have imported sophisticated technology from western countries. This can put an extra burden on the nation's scarce foreign exchange. In the process of technological and capital upgradation needs of small industries have been largely neglected. Industrial development has to be tied to the local community. In developing countries where high technology investments are prominent, the operations of these enterprises has suffered from managerial problems. The marketing effort required is at a medium level and calls for careful product planning informative advertising and personal selling in addition to essential packaging, storing and physical distribution. The pricing is either competitive or Government regulated. The level of marketing effort required is high in the case of semi-industrial products, pharmaceuticals and fertilizers, appliances for business and house- hold use, consumer non-durables and certain categories of engineering goods and machine tools.

Education and Manpower Planning

Developing nations need a variety of human skills to bring about economic and social development. Marketing concepts and techniques may have profound impact on meeting the nation's manpower needs. Much of educational thrust in developing nations is restricted geographically to urban areas. Very little focus is placed on non-farming training programs to increase the productivity of rural labourers, farmers and the like. The employment practices are partly responsible for this. Very often employers do not insist on hiring personnel with appropriate educational skills. This vicious circle has to be broken to influence public attitude towards job-oriented education. The techniques of marketing research and product development can contribute in many ways to the needed educational revolution.

2.5 RELEVANCE OF SOCIAL MARKETING

Social marketing can be defined as the conception, implementation and control of programmers calculated to influence the acceptableness of social ideas and involving consideration of product planning, pricing, communication, distribution and marketing research. Social marketing follows a consumer centric approach. People must perceive their real needs and identify their real problems, which is only possible through proper participation and communication. The key areas where Social marketing approach is applied are:

a) **Needs Assessment of Consumer**

Needs Assessment - Gaps Analysis is very important i.e.

- What the audience should know/would like to know?
- What the audience actually does know?
- What is the GAP?

Social Marketing mainly deals with the motive of understanding the consumer and to develop products in order to satisfy their wants and needs. Whosoever is applying social marketing methods needs to know about the people whose behaviour they want to change – their aspirations and values, their beliefs and attitudes, and their current behavioural patterns. They are also required to look upon the broader social and cultural factors that influence consumer behaviour, recognizing that behavioural change is influenced by a combination of environmental as well as personal and interpersonal factors.

Unfortunately, still a lot of people incorrectly equate marketing with sales and advertising. Marketing's consumer orientation is actually the opposite of sales orientation. In contrast to the belief that sales- energizing devices are needed to bring results, a consumer orientation requires program planners to understand the consumers' desires and needs, and therefore respond as required. Social marketers believe that the behaviours being promoted should contribute to the consumers' and society's well-being.

b) **Consumer Research**

Any consumer orientation requires an examination of consumer perceptions of product benefits, product price, the competition's benefits and costs, and other factors that influence consumer behaviour. Program planners use consumer research findings to identify the factors to address in promoting behaviour change to the people they hope to reach.

c) **Audience Segmentation**

Another distinguishing feature of social marketing is audience segmentation. Audience segmentation is the process of dividing a population into distinct groups based on characteristics that influence their responsiveness to interventions. Segmentation may be used to identify subgroups. They can realistically be reached with available resources or to determine the best way to reach particular groups. Segments may differ in terms of the benefits they find most attractive, the price they are willing to pay, the best place to communicate with them or to locate services, or their differential responsiveness to promotional tactics.

d) **Social Marketing (Marketing & Communication) Mix**

The Four P's of marketing i.e. Product, Price, Place, and Promotion are very much relevant in case of Social marketing. Besides, four more P's can be added i.e. Partnership, Policy, Politics and Participation by audience (communication). Besides, it is also important to gauge the Competition. Goals can be reached effectively and behavioural change is bound to occur if this marketing and communication mix is followed with a positive approach.

i) *Product:*

A product can assume a number of forms. It can be the knowledge, attitudes or behaviour that the target audience is expected to adopt. It can also be an idea, such as not using tobacco, alcohol, or other drugs. And last but not the least, the product can also be an actual related commodity such as seeds for a substitute cash crop such as wheat or corn, or a nicotine substitute to help smokers quit. The exchange for such program benefits is "costs" which may be intangible (e.g., changes in beliefs or habits) or tangible (e.g., money, time, or travel).

Product Must Be: Congruent with the recipient's values, beliefs, practices & needs. (It is important to make the participants understand the importance of message or service being talked about so that they realize its need.)

- Solution to a problem

- Benefits
- Unique
- Competitive

ii) *Price*

Price is that part which is offered in order to avail certain benefits (service or product). It can be either cash or kind. The key is to determine the appropriate price by participating with the target audience. The cost of adopting a product could be –

- Money
- Time
- Pleasure
- Loss of self esteem
- Embarrassment
- Physic hassle
- Physical trauma
- Others

iii) *Place or Channels*

Channels describe the process or path through which a product reaches a consumer and the place is where the consumer can avail the product. The place could be tangible in terms of a retail outlet or intangible in terms of information delivered through a communication channel. Research is conducted to identify the places that consumer's frequent so that products and information can be placed there. Social marketing also identifies when and where a target audience will be most receptive to promotional messages i.e.

- Where is the behaviour practiced?
- Where are the decisions made?

- Where people will act?
Important Consideration s for Place:
Some of the important considerations for place include:

- Will the product be available at the place where people have been instructed to go/call? Will there be enough to meet the demand?
- Is the place easy to use/access?
- Is the channel chosen for the message appropriate for that audience?
- Was the right time chosen for the message to be delivered?

iv) *Promotion*

The process of persuading the target audience that the product is worth its price is termed as promotion. It may include a publicity campaign through the mass media but it can also involve teaching life skills or community activities. Promotional strategies should be effectively co- ordinated with the other components of marketing mix. Promotional efforts cannot succeed if the product's benefits, price, and placement are not also in the line with the people's wants and needs. Promotion creates and sustains demand and may use a collection of advertising, public relations, promotions, media support, personal selling, etc.

v) *Partnership*

The social marketing organization can enhance its programme effectiveness by teaming up with other organizations pursuing similar goals. E.g. AIDS awareness programme can be jointly worked by WHO, NACO, UNAIDS and various non-government organization.

vi) *Policy*

Certain policy changes are essential to ensure an environment conducive for sustaining social change in the long run. E.g. Tax exemptions allowed for donations to voluntary organizations, providing special increments for undergoing critical surgeries.

vii) *Politics*

The social marketer often has to deal with groups other than the target audience, mobilize support and prevent resistance. Religious leaders and organizations, village heads or community leaders may be permission granting groups whose approval is necessary. Further, their participation enhances the pace with which the required critical mass is influenced in order to trigger social change faster.

viii) *Participation*

Participation is an important factor as only that message works which is

aligned with consumers' needs & wants. Their participation is required from deciding of product, price, place & promotion.

ix) *Competition*

- What competes with the product?
- How can the position of the product be more competitive?
- What image does it have among consumers?
- Can benefits be enhanced?
- Can costs be lowered?

e) Developing and Pre-testing the Material

A message can appeal to a variety of emotions and perceptions such as logic and reason, self- esteem, fear, and patriotism. Hence such a message has to be designed that can appeal to a variety of emotions and perceptions. The message statements and concepts should be so developed that its vocabulary, tone and appeal makes the target audience feel that this message is meant for them.

Pre-testing assesses the audience's response to the campaign. It measures recall, comprehension, and reaction - Is the message believable? It is relevant? Acceptable? What are the strong points? Pre-testing methods include:

- Focus groups—Small groups of 8 to 12 people who meet with a moderator to discuss ideas and materials. Focus groups are especially helpful in the early stages of materials development to test themes, images, and general issues.

- Interviews—In-depth interviews can be used to gauge an individual's reactions to a sensitive issue and/or specific materials.

- Central-location-intercept interviews—These interviews are held in public areas where members of the target population congregate. These areas include shopping malls, movie theatres, schools, and churches. Questions are designed for quick answers that are easily tabulated.

- Theatre testing—Many people in the same location view messages (such as public service announcements) embedded in other programming.

- Self-administered questionnaires—(mailed or delivered) This method provides access to people in rural areas or those who are not likely to attend focus groups or to be in areas for central-location-intercept interviews.

- Readability testing—Used to gauge the reading levels of materials. One widely used formula uses both sentence length and syllable counts to estimate reading levels.

f) Implementation

Promote and distribute the idea through all chosen channels.

g) Continuous Monitoring and Revision

Continuous program monitoring is highly required by social marketing to assess program efficacy in encouraging desired behaviour changes. Monitoring also aids in identifying activities that are effective and those that are not, and in making midcourse corrections in program interventions.

h) Evaluation

The on-going process that enables planners to discover strengths and weaknesses and to refine the product is known as evaluation. It is done to determine what has worked well based on the goals and objectives established at the beginning of the program. It also assesses how the program affected the beliefs, attitudes, and behaviours of the target population.

There are four main kinds of evaluation-

- Formative evaluation
- Process evaluation
- Outcome evaluation
- Impact evaluation

i) Feedback/Re-consideration

If the feedback turns out to be positive then, the idea/service may be replicated to separate target audience or separate locale may be chosen. In case any faults are pointed out then they may be rectified.

Role of Marketing in Economic Growth

Marketing plays a vital role in economic growth in the present world. It ensures the planned economic growth in the developing economy where the inadequacy of goods, services, ideas and excessive unemployment, therefore marketing efforts are needed for mobilization of economic resources for additional production of ideas, goods and services resulting in greater employment.

- Marketing accelerates the aggregate demand thereby enlarges the size of market.

- Marketing in basic industries, agriculture, and mining and plantation industries helps in distribution of output without which there is no possibility of mobilization of goods and services which is the key point for economic growth. These industries are the back bone of economic growth.

- It also accelerates the process of monetizing the economy which in turn facilitates the transfer of investible resources.

- It helps in discovery of entrepreneurial talent. Intermediate industrial goods and Semi-industrial products etc. basically marketed for industrial purpose in order to develop the industrial sector with a view to economic growth.

• In Export trade and services like tourism and baking marketing plays superior role in order to grow the economy.

Now days economic and social changes are necessary for bring about the development of a nation. Social changes are brought about in a planned manner through social marketing technology. With the speedy growing marketing business, technology is playing a more important role in the demands of analysing and utilizing the large scale information gathered from customers. To predict the accompanying business strategy by using technology, it is required to evaluate the customer performance, discover the trends or patterns in customer behaviour. For this purpose, the modern world is using the technology at a maximum level by e- commerce, Internet marketing and services etc. Even though in many developing countries, Government demands in marketing efforts in order to provide equitable distribution at minimum social costs by setting ceiling and floor prices of food grains and industrial raw materials, setting maximum whole sale and retail prices of scarce consumer products etc. which ensures the smooth flow of essential goods and even influencing the decisions pertaining to distribution and advertising. Even though the economic recession affects the market at a larger level, it plays major role in economic growth.

2.6 PHILOSOPHIES OF MARKETING

There are different concepts that guide sellers to conduct their marketing activities. For example, sellers can only focus on production and try to reduce their cost of production, or focus on improving the quality of the product. Similarly, they can pay more attention to selling and promotion. Before 1950s, marketing was basically a means of making production more efficient. In this way, different concepts have evolved to help the organizations in managing their marketing activities. These concepts are production, product, selling, marketing, societal and new-era marketing. Following are the explanations of the concepts:

a) Production Concept:

Production concept refers to the philosophy that supply creates its own demand. It means that the sale will increase automatically with the increase in production and distribution facilities. This is one of the oldest concepts and works only in few situations. It is based on the idea that the more we make, the more profitable we become. It works best in a seller's market when demand is greater than supply because it focuses on the most efficient ways to produce and distribute products. For e.g. if the management is trying to reduce the cost of production then it can do so by increasing the production. With the increase in production, economies of scale take place and the cost of production reduces, which helps to reduce prices. Similarly, the concept of production is helpful in situation when there is imbalance between demand and supply i.e. demand exceeds supply. Due to higher demand, prices start to increase therefore management can

earn higher profits by increasing the production. Firms that focus on a production concept tend to view the market as a homogenous group that will be satisfied with the basic function of a product. Application of this concept leads to poor quality of service and higher level of impersonalization in business.

b) Product Concept:

Product concept states that the sellers should focus on improving the quality of their products, improve the performance, add more innovative features, etc. So basically this concept is about to attract customers by improving the quality and performance on one hand and offer attractive prices on the other. Similarly, the design, packaging and effective distribution channels of product are some of the important tactics to attract the customers. The important drawback of product concept is that it can lead to marketing myopia in which the organization overlooks the importance of other substitutes available in the industry. Another major problem with this concept is that managers forget to read the customer's mid and launch products based on their own technological research and scientific innovations.

c) Selling Concept:

The concept of selling focuses on the large scale selling and promotion activities in order to attract more customers. When product availability exceeds demand in a buyer's market, businesses may engage in the "hard sell" in which salespeople aggressively push their wares. The selling concept means that management views marketing as a sales function, or a way to move products out of warehouses so that inventories don't pile up. There are various industries which sell products which buyers do not normally think of buying. Therefore, in order to attract such buyers, these organizations should practice the selling concept. There is high risk in such marketing because the organizations try to sell the product whether the buyer likes it or not. Thus, if the buyers do not like the product then it can really spoil the reputation of the organization. Companies that still follow a selling concept tend to be more successful at making one-time sales rather than building repeat business. This approach is applicable in the case of companies that sell unsought goods like life insurance, firefighting equipment and vacuum cleaners etc.

d) Marketing Concept:

According to marketing concept, organizations should focus to analyse the needs and wants of target market and provide the desired satisfaction more effectively than competitors do. It proposes that the reason for success lies in the company's ability to create, deliver and communicate a better value proposition through its marketing offer. According to Theodore Levitt "Selling focuses on the needs of the seller and marketing focuses on the buyer. Most people mix marketing concept with selling concept but there is difference between the two. Selling concept starts with the production of

the goods, focuses on promotion and sales and ends at getting profits. In contrast the marketing concept starts with a well-defined market, focuses on customer needs and wants and ends at creating long term customer relationship by effectively satisfying the needs and wants of customers. Thus with the help of marketing concept, an organization could be benefitted in the long run. Success of the marketing concept depends on enterprise-wide adaptation of marketing culture. If every department thinks about the customers and keeps them in the forefront of their decision making, then the organization can achieve a complete market oriented culture.

e) Societal Marketing Concept:

Societal marketing concept focuses to improve the well-being of the customers and society as a whole. Therefore, these organizations which are practicing this concept try to analyse the needs, wants and demands of the target market and deliver superior value to customers which results in overall well-being of the customers and society as well. It combines the best elements of marketing to bring social change in an integrated planning and action framework with the utilisation of communication technology and marketing techniques. Marketing is not a business activity alone but must take into account the social needs. Societal marketing concept is relatively new as compared to other marketing management philosophies.

2.7 SUMMARY

It is true that marketing in a developmental sense produces profit, but the profit is in the kind of human resource development and ultimately national development. Marketing is relevant to economic growth at all stages of development and also at micro and macro-marketing levels. The degree of relevance, however, will vary from sector to sector. The concept of marketing and its tools and techniques are equally applicable in the design, implementation and control of social programmes. For effective contribution to economic development marketing must deal with issues concerning socio-economic aspects of the nation's environment. To highlight most social causes to be effectively promoted, whether it be family planning or environmental pollution, one needs as vigorous a marketing approach as new product or service. Finally, the discussion on role of marketing in relation to some selected sectors like agriculture development and farm productivity, industrial and entrepreneurial growth highlights the importance of viewing marketing in a development sense and shows how the knowledge and technology of marketing could solve the problems of national development.

2.8 KEY WORDS

- **Economy:** The wealth and resources of a country or region, esp. in terms of the production and consumption of goods and services.
- **Product concept:** Management philosophy that emphasises the most

efficient ways to produce and distribute products.

- **Selling Concept:** A managerial view of marketing as a sales function or a way to move products out of warehouses to reduce inventory.
- **Economic development:** The quantitative and qualitative changes in the economy.
- **Developing Economy:** A nonindustrialized poor country that is seeking to develop its resources by industrialization.

2.9 SELF ASSESSMENT TEST

1. Give two examples of firms that you feel reflect the philosophies of the following era. Defend your answer.
   a. Production era
   b. Sales era
   c. Marketing era
2. Explain how organizations reflect CSR and make a short conclusion to indicate the relationship between social marketing and CSR?
3. Explain how the shift in the standard of living in developing economy correlated to marketing?

2.10 FURTHER READING

Marwin E. Goldberg, Martin Fishbein and Susan E. Middlestadt: Social Marketing: Theoritical and Practical Perspectives (Lawrence Erlbaum , 1997)

R Crag Lefebvre: Social Marketing and Social Change (Jossey-Bass, 2015).

UNIT 3 MARKETING FOR SERVICES

Objectives

After reading this unit, you should be able to:

- Understand the characteristics of services and the distinctive marketing challenges they pose
- Identify the four broad "processing" categories of services
- Know the framework for developing effective service marketing strategies
- Understand the components of the expanded services marketing mix

Structure

3.1 INTRODUCTION

Today we live in a service economy. The size of the service sector is increasing in virtually all countries around the world. Just as there was a shift from the farm to the factory, the shift has now been from manufacturing to service. As a national economy develops, the relative share of employment between agriculture, industry (including manufacturing and mining) and services changes dramatically. As per the statistics of developed countries, services account for around 75 percent of jobs and 70 percent of the GNP capital is from service sector. Even in emerging economies, the service output is growing rapidly and often represents at least half of the gross domestic product (GDP). Service is no longer an industrial by-product, but has become a powerful economic engine in its own right. In developed economies, knowledge-based services- defined as those that is intensive users of high technology and have relatively skilled workforce- have been proving the most dynamic component.

An economy is called service economy when the contribution of the service sector to the GDP of the nation is more than 50 percent. USA was the first economy to be declared as a service economy way back in 1948 with about 53 percent contribution of the service sector to the GDP of the nation. Services are becoming a critical source of wealth in many ways to the economies. Economies experienced increase in employment with the growth in service sector. While the rate of employment in manufacturing sector is reducing every year, employment in the service sector is rising. In the service business we have public sector, private sector and agencies

providing specialized services. Even in the manufacturing sector we have service providers such as computer operators, management experts, legal experts and financial experts etc.

3.2 THE CONCEPT OF SERVICES

The basic question that confronts everyone is what exactly a service is and why should there be a separate learning on service marketing? A different marketing approach is necessary for service marketing, because services differ from goods in many respects. One of the basic differences is that goods were objects of value over which ownership rights could be established and exchanged. Ownership implied tangible possession of an object that had been acquired through purchase, barter or gift from the producer or a previous owner and was legally identifiable as the property of the current owner, but in the sale of services, transfer of ownership will not take place.

Defining Services

According to the American Marketing Association services are "activities, benefits or satisfactions which are offered for sale or provided in connection with the sale of goods." This definition provides a limited view of services. However, this was the first major attempt to identify services differently in valuing the output of a society.

Services cover a vast array of different and often very complex activities, making them difficult to define. The word service originally was associated with the work servants did for their masters. In time, a broader association emerged, captured in the dictionary definition of "the action of serving, helping or benefitting; conduct tending to the welfare or advantage of another. Sometimes services are also defined as economic activities offered by one party to another. Often time-based, performances bring about desired results to recipients, objects or other assets for which purchasers have responsibility. In exchange for money, time and effort, service customers expect value from access to goods, labour, professional skills, facilities, networks and systems; but they do not normally take ownership of any of the physical elements involves.

One common method of defining a service is to distinguish between the 'core' and 'peripheral' elements of the service. The 'core' service offering is the 'necessary output of an organization which are intended to provide the intangible benefits customers are looking for'. Peripheral services are those which are either 'indispensable' for the execution of the core service or available only to improve the overall quality of the service bundle.

According to Christopher Lovelock there are five broad categories within the non-ownership framework:
1. **Rented goods services.** These services enable customers to obtain the temporary right to use a physical good that they prefer not to own. Example includes Fancy dress costumes.
2. **Defined space and place rentals.** Here, customers obtain use of a defined portion of a larger space in a building, vehicle or other area.

Example includes a seat in an aircraft.

3. **Labour and expertise rentals.** Customers hire other people to perform work that they either choose not to do for themselves or are unable to do because they lack the necessary expertise, tools or skills. Example includes car repair.
4. **Access to shared physical environment.** These environments may be located indoors or outdoors or a combination of both. Like museums and theme parks. In return for a fee, customers rent the right to share use of the environment with other customers.
5. **Access to and usage of systems and networks.** Here, customers rent the right to participate in a specified network such as telecommunications, utilities, and banking or specialized

information services. Service providers often create a veritable menu of terms for access and use in response to varying customer needs and differing abilities to pay.

In many instances, two or more of these categories may be combined. When you take a taxi, you're hiring both a driver and a vehicle.

Exercise 1
Identify a firm engaged in marketing of services:
a) Describe the nature of service which the firm is providing.
b) Describe how the firm is differentiating its service as compared to that provided by the competing firms.

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3.3 REASONS FOR GROWTH OF THE SERVICE SECTOR

What is driving the rapid growth of the service sector? Government policies, social changes, business trends, advances in information technology and globalization are among the powerful forces transforming the service markets. Collectively, these forces are reshaping demand, supply, the competitive landscape and even customer's style of decision making. The growth of service sector is a worldwide trend. As mentioned already, many economies became service economies and the others are following in their steps. Growth proportions are so significant that the service accounts for 12.5 percent in 2007, almost one-eighth of the GDP. More than 75 percent of the workforce in the US is employed in the service sector. The majority of the workforce in all developed countries in the world including UK, France, Germany, Japan, Canada and so on are engaged in service organizations. Quinn and Gangnon identified the contribution of service sector to any economy in the following respects:

1. The value added produced by service firms is very well comparable to, and even higher than the value added produced by manufacturers of

goods.

2. Service industries increases productivity that is big enough to support continuing real growth in per capita income.
3. People value services at least as highly as manufactured goods. Services are not something one looks at after the goods needs have been met.
4. The service sector is at least as capital intensive as the goods sector and many service industries have a high technology impact.

The reason for the growth of the service sector can be broadly categorized into two. They are:

1. Growth in intermediate demand from firms.

With the growth of competition and the pace of change in consumer exposure and expectations forced organizations to look for specialized services. Companies started bundling the organizations and taking the services from outside, where highly professional and specialized

services are available at a relatively low price. As a result, a number of service organizations have come up in the world. Manufacturing firms realized the importance of staff function when line managers sub optimal performance in decision making relating to operational activities as well as the growth of the business was identified. The concept of self-reliance by way of minimizing or avoiding dependence on other was used by the firms to reduce uncertainties.

2. Growth in final demand from customers.

A majority of the population in developed economies and significant groups in developing economies are becoming more affluent year by year. There is a growth in direct demand from customers for a variety of services. The marginal utility from goods has diminished at least in a relative sense and services have grown in importance. Millions of strong middle income households in India with their desire for a variety of products and services attract many multinational companies to the country. The demand for personal services, travel, tourism, entertainment and the like depends upon the affluence of the society. Affluence reduces the scope of self-service and creates opportunities for many service people and organizations. Moreover, the tendency of the people throughout the world is to gain more leisure time so as to attend to their personal and family activities, which is an important factor in the growth of service industry.

Service Sector in the Indian Economy

A key measurement of growth of the service sector is its contribution to the Gross Domestic Product (GDP) of the country. While considering services for this purpose, there are two important dimensions that need special attention. They are the hidden services and the services in the unorganized sector. Hidden services are those that are used internally by the manufacturing organizations. The output value of such services become part of the output of the tangible goods. There are large numbers of services

that are not accounted for output assessment for the purpose of GDP calculation. Personal services, maid services and a host of professional such as barber, carpenter, washer man and the like, in semi-urban and rural India have their roots going back several centuries. These services are predominant in almost all parts of the country,

Exercise 2

Identify the services which a firm uses on a regular basis in the areas of marketing, finance and government dealing in your area?

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3.4 CHARACTERISTICS OF SERVICES

Services have basically five characteristics that greatly affect the design of marketing programs. They are:

1. **Intangibility:** They cannot be seen, tasted, heard or smelt before they are bought unlike physical products. Services often include important tangible elements, such as hotel beds, restaurant meals and bank cards. However, as the non-ownership perspective implies, it is intangible element-including the labour and expertise of service employees-that dominate the creation of value in service performance.
   Implications
   Intangibility presents problems that consumers may experience difficulty in knowing and understanding what is on offer before, and even after, receipt of the service. The challenge for the service provider is to determine the extent of intangibility and the management action required to make the service more tangible.

2. **Inseparability:** Services cannot be separated from the service provider. In fact, the production, delivery and consumption of a service take place simultaneously in the buyer- seller interaction. Hence, due to inseparability, direct sale of many services is the only channel of distribution. The market for offering personal services is bound to be limited. **Implications**
   The involvement of the customer in the production and delivery of the service means that the service provider must exercise care in what is being produced and how it is produced. The latter task will be of particular significance. Therefore, proper selection and training of customer contact personnel are necessary to ensure the delivery of quality. Production and consumption are said to be separable. On the other hand, the consumption of services is said to inseparable from its means of production.

3. **Variability:** The quality of services provided by the competing firm cannot be standardized. Even the quality of the output of services sold by one seller cannot be uniform or standardized. No two customers can have exactly similar service even though they experience it simultaneously.

Implications

Reducing variability involves determining the causes. It may be due to unsuitable personality traits in an employee which are very difficult to detect at the selection stage. For services, variability impacts upon customers in terms not just of outcomes but also of process of production. It is the latter point that causes variability to pose a much greater problem for services, compared to goods. It can also pose problems in brand building as compared to tangible goods – for the latter it is usually relatively easy to incorporate monitoring and a quality control procedure into production processes in order to ensure that a brand stands for a consistency of output.

4. **Perishability:** Service perishes. They cannot be stored. Time element assumes unique importance. If a service is not used today, it is lost forever. It cannot be carried forward. Unutilized services are economic losses to the organization. The major challenge of these firms is to balance the supply and demand position. Thus demand management is one of the crucial tasks for the service firms.

Implications

Fluctuations in demand characterize service organizations and may pose problems where these fluctuations are unpredictable. Strategies need to be developed for producing a better match between supply and demand. Service differs from goods in that they cannot be stored.

The producer of a service which cannot sell all its output produced in the current period has no chance to carry it forward for sale in a subsequent one. The Perishability of services results in greater attention having to be paid to the management of demand by evening out peaks and troughs and in scheduling service production to follow this pattern as far as possible. Pricing and promotion are two of the tools commonly adopted to tackle this problem.

5. **No Ownership:** Consumers will have experience of the service but not ownership. Since the services are intangible and perishable the question of ownership doesn't arise. Convincing the customer with tangible goods on which he will have ownership through transfer of title is much easier than selling an experience where nothing remains after consumption, except the memory of it. Customer dissonance would be higher in the case of services than of goods. A service is purchased for the benefits it provides. If we closely examine the reasons why products are purchased, we find that they are bought not because of their physical, tangible features but because they provide certain intangible benefits and satisfactions. Bathing soap provides the primary benefit of cleanliness, air-conditioner provides the benefit of a cool and fresh air, comfortable environment, a mixer-cum-grinder

provides convenience. The only difference between products and services is that in the latter the intangible component is greater than in the former. Thus, services can be treated as a special kind of product.

Exercise 3

Describe and distinguish the tangible and intangible aspects of the service provided by the following:

i)   Bank
ii)   Hair Dresser
iii) Airlines
iv)   Beauty Parlour
v)   Hotel

3.5 ELEMENTS OF MARKETING MIX IN SERVICE MARKETING

The nature of services poses distinct marketing challenges; hence, the 4 Ps of goods marketing are not adequate to deal with the issue arising from marketing services and have to be adapted and extended. Further, the traditional marketing mix does not cover managing the customer interface. Marketer therefore needs to extend the marketing mix by adding three Ps associated with service delivery – process, physical environment and people. Collectively, these seven elements – the "7 Ps" of service marketing – represents the ingredients required to create viable strategies for meeting customer needs profitably in a competitive marketplace.

The Traditional Marketing Mix

Product: The Service product requires consideration of the range of services provided, the quality of services provided and the level of services provided. Service product lie at the heart of a firm's marketing strategy. If a product is poorly designed it won't create meaningful value for customers, even if the rest of the 7 Ps are well executed. Attention will also need to be given to matters like the use of branding, warranties and after-sale service. Service product consists of (1) a core product that responds to the customer's primary need and (2) an array of supplementary service elements that are mutually reinforcing value added enhancements that help customers to use the core product more effectively.

Price: Customers, by contrast, see price as a key part of the costs they must incur to obtain desired benefits. Price may also play a part in differentiating one service from another and therefore the customers' perceptions of value obtained from a service and the interaction of price and quality are important consideration in many service price sub mixes. To calculate whether a particular service is "worth it," they may go beyond just money and assess the outlays of their time and effort. Service marketers, therefore, must not only set prices that target customers are willing and able to pay, but also understand – seek to minimize, where possible – other burdensome

outlays that customers incur in using the service. These outlays may include additional monetary costs, time expenditures, unwanted mental and physical effort and exposure to negative sensory experiences.

Promotion: Promotion includes the various methods of communicating with markets whether through advertising, personal selling activities, sales promotion activities and other direct forms of publicity or direct forms like public relations. The communication component plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific brand or service product and encouraging them to take action at specific times. Communication, in service marketing is educational in nature, especially for new customers. Communication may be delivered by individuals such as salespeople and frontline staff, at websites, on display screens in self-service equipment and through a wide array of advertising media. An important role of a service firm's communication is to create confidence in its capabilities by emphasizing the firm's experience, credentials and expertise of its capabilities.

Place: The location of the service providers and their accessibility are important factors in service marketing. It may involve physical distribution or electronic channels, depending on the nature of the service. Many information-based services can be delivered almost instantaneously to any location in the world that has internet access. Firm's may deliver service directly to end- users or through intermediary organizations – such as retail outlets that receive a fee or commission – to perform certain tasks associated with sales, service and customer contact. Speed and convenience of place and time have become important determinants of effective distribution and delivery of services. Nowadays, a growing number of services are available 24/7, and via more and more distribution channels, including retail branches, self-service machines like ATMs, call centers and internets.

The Extended Service Marketing Mix

Since services are usually produced and consumed simultaneously, customers are often present in the firm's factory, interact directly with the firm's personnel and are actually part of the service producing process. Also, because services are intangible customers will often be looking for any tangible cue to help them understand the nature of the service experience.

Process: Some services are very complex, requiring the customer to follow a complicated and extensive series of actions to complete the process. Smart managers know that where services are concerned, how a firm does things – the underlying processes – often are as important as what it does. So, creating and delivering product elements requires design and implementation of effective processes. Manufactured products can be produced at a separate factory, under controlled conditions and checked for conformance with quality standards long before they reach the customer. For, services however, operational inputs and outputs tend to vary more widely and make customer service process management a challenge.

The extended marketing mix elements are included in the marketing mix as

separate elements because they are within the control of the firm and any or all of them may influence the customer's initial decision to purchase a service as well as the customer's level of satisfaction and repurchase decisions.

People: Many services will always require direct interaction between customers and service employee despite the technological advances. All of the human resources participating in the delivery of a service provide cues to the customer regarding the nature of the service itself. How these people are dressed, their personal appearance, their attitude and behavior all influences the customer's perception of the service. Service firms need to work closely with their human resource department and devote special care in selecting, training and motivation their service employees. In addition to possessing the technical skills required by the job, these individuals also need good interpersonal skills and positive attitudes. HR managers who make strategies recognize that loyal, skilled, motivated employees who can work well independently or together in terms represent a key competitive advantage.

Physical environment: The physical environment of service includes all of the tangible representations of the services such as brochures, letterheads, business cards, report format, and equipment. In some cases, it includes the physical facility where the service is offered. The service firms need to manage "services caps" carefully, since they can have a profound impact on customer satisfaction and service productivity. Physical environment cues provide excellent opportunities for the firm to send consistent and strong message regarding the organizations purpose, the intended market segments and the nature of the service.

3.6 CASE OF SERVICE MARKETING

Golden Chariots

With Indian luxury trains being ranked among the best in the world, the romance of the Raj and the rail is a winning combination and a good example of quality service marketing. Luxury trains have become a runway success and appeals to a growing and affluent customer segment, mostly foreign tourists. The demand is so great that there are no bookings available on the Wheels for next two years, while another luxury train, Deccan Odyssey, will be as difficult to board. The society of International Railway Travelers has rater them both among the top 10 trains of the world. The other train to make it to the list is the charming Raj-era narrow gauge toy train – the Darjeeling Himalayan Railway.

According to the President of the U.S. based Society of International Railway Travelers, Eleanor Hardy, "The list of world's top 10 trains is based on our own experience and that of our writers, editors, members and staff. The trains need to meet stringent standards for service,

accommodation, scenery, itinerary, off-train experience and passenger enjoyment." Considering the steep rates of tickets on these trains, compared to the average tariff of a hotel room, the success of India's state-run royal trains is even more remarkable.

When the Palace on Wheels was launched in 1984, most critics had dismissed it as a niche product with limited appeal. But it has seen a surge not only among the foreign tourists but also among domestic travelers, provoking various State Governments to join the chorus for running such trains in view of its tourist attraction value.

The service concept of Palace on Wheels ensures that the tourist travels like a maharaja and experiences the exotic romance of the land of fairy tales and royal heritage. It is a week-long trip in the comfort of modern luxury. The train covers Jaipur, Jaisalmer, Jodhpur, Sawarimadhopur, Chittorgarh, Udaipur, Bharatpur and Agra.

The Golden Chariot is a 19-coach luxury extravagance, which was launched in March 2008. A joint venture of the Karnataka State Tourism Development Corporation, the Union Ministry and the Railway Ministry, the train's interiors are inspired by the royal palaces of Karnataka. Like its predecessors, the Golden Chariot will be handled worldwide by the luxury trains, with offices strategically located around the world, is the largest consolidator for the Palace on Wheels, Heritage on Wheels and Deccan Odyssey. Like them, the USP of the new train, the first in South India, will be combining the Indian Maharaja experience with modern comforts and an itinerary that covers major tourist spots. Starting from Bangalore, it will cover Mysore, Kabini wildlife sanctuary, the world heritage site of Hampi and other popular tourist sites before reaching Goa. At Rs. 1.33 lakhs for the entire trip, inclusive of food and drink, it's hardly a bargain but has generated a great deal of interest from prospective clients in overseas markets.

Like the Palace, the Deccan Odyssey's weeklong journey starts from a strategically located city, Mumbai and covers places of major tourist's interest in the regions including Goa, Ajanta and Ellora and other World Heritage sites. The Heritage on Wheels, collaboration between Rajasthan Tourism Development Corporation and the Indian Railways, is a shorter journey restricted to Rajasthan and includes lesser known Heritage sites, while India in Wheels has the longest trip, a 17-day itinerary that combines the best of the Palace on Wheels and Deccan Odyssey. The Great Indian Royal Express has lesser stops but a more elaborate and expensive experience, which also includes the Taj Mahal, while The Royal Orient combines sites in Gujarat and Rajasthan.

What has clearly appealed to a foreign audience is the majestic setting, high-class amenities and the convenience of travelling by night and stopping by day for group tours conducted by trained guides and in premium modes of transport. The centrally air-conditioned coaches have lounges, elaborate suites and bedrooms, running hot and cold water, satellite television, modern communication and chefs, who dish out regal fare. The interconnected passenger cars make the experience akin to a travelling five-star hotel.

With a valet to cater to your every whim and fancy in the lap of opulence and luxury as you travel through some of the most breathtaking scenic landscapes in the world, it is not surprising why one would choose the railway tracks over rushed check-in counters at any of the country's airports.

(Source: India Today, March 02 2008)

3.7 SUMMARY

Service sector is one of the key contributing factors for growth of our economy and civilization. Though marketing literature is dominated by manufacturing and product-centric business practices, service marketing constitutes a strategic area, which has propelled growth and success for many organizations. Pure services and pure products are hypothetical extremes as every product today is associated with some level of service and alternatively, physical evidences are created for augmenting services and reducing customer's perception of risk. Service is defined as any activity or benefit that one party can offer to another which is essentially intangible and does not result in ownership of anything. Its production may or may not be tied to a physical product. Pure services have distinct characteristics of intangibility, inseparability, Perishability, variability and a lack of ownership.

However, goods and services are converging in terms of these characteristics. The marketing mix for manufactured products is insufficient to explain the special nature of services and hence the 4Ps concept developed in product marketing is extended in service marketing by addition of people, process and physical evidence. Service can be classified on the basis of degree of intangibility, producer versus consumer services, the status of service in the total product offer, on the extent of inseparability, on the pattern of service delivery, extent of people orientation, on the significance of the service to the purchaser, on the basis of marketable versus non marketable services and also on the basis of multiple classifications.

Service quality is an important issue in marketing of services due to the fact that both production and consumption of services occur at the same time. The quality of service will delight a customer when it exceeds the service expectations of the customers. There are five types of service quality gaps that a service marketer should try to bridge through an effective service-

marketing program. The first arises between customer expectations and management perception of consumer expectation. The second gap exists between management perception and service quality perception. The third gap exists between service quality perception and service delivery. The fourth gap explains the gap between service delivery and external communications and the last gap is between perceived service and expected service by the consumer. An effective quality management program should try to develop strategies to fill the gap and create customer delight.

3.8 KEY WORDS

- **Service:** A service is defined as any activity or benefit that one player offers to another in an exchange process, which is essentially intangible and does not result in ownership of anything.

- **Intangibility:** A pure service is difficult to assess through any of the physical senses. It is a bundle of abstraction, which cannot be assessed before it is owned. This explains intangibility of services.

- **Consumer Services:** These are aimed at individual consumers and are consumed for personal reasons.

- **Tangibility:** It means physical facilities and equipment and the appearance of the personnel.

- **Responsiveness:** It means the willingness to help customers and provide prompt service.

- **Competence:** It means possession of required skills and knowledge to deliver the support services.

- **Courtesy:** Politeness, respect or friendliness in delivering the services.

3.9 SELF-ASSESSMENT TEST

1. Service Marketing is more challenging than manufactured product marketing. Explain what differences exist between product marketing and service marketing with examples from Indian markets?
2. What are service quality gaps? What strategies should you follow to fill up service quality gap?
3. Service quality dimensions are important in marketing of services. How do these dimensions affect the marketing of the following services?
   a) Banking Services
   b) Health services
   c) Education
   d) Consultancy

UNIT 4 NEW CONCEPT OF MARKETING

Objectives

After reading this unit, you should be able to:

- Narrate the importance, various categories of product, price, promotion and service mix and strategies respectively.
- Describe the concept of E-marketing, Green marketing and Relationship marketing
- Narrate the concept and component of Retail marketing and Rural Marketing
- Explain the meaning, importance, meaning, elements and benefits of Ethical Marketing

Structure

4.1 INTRODUCTION

Marketing process basically consists of four steps: (analyzing the marketing opportunities, (2) selecting the target market, (3) developing the marketing mix and (4) implementing and controlling. However, as a marketing executive you may come across certain terminology and issues which are not discussed in the previous units. For instance, you may come across the concept of Green marketing, which is about implementing the marketing concepts and strategies in rural areas. How Internet technology is used for marketing? How different it is to market products or services in the rural markets? Some of such issues are discussed in this unit. In specific, this unit is intended to introduce you to a variety of emerging concepts such as CRM, Green Marketing, Internet Marketing and Rural Marketing.

4.2 GUERRILLA MARKETING

Guerrilla Marketing is an advertising strategy that focuses on low-cost unconventional marketing tactics that yield maximum results. The term

Guerilla Marketing was coined by Jay Conrad Levinson in his book 'Guerrilla Advertising' in 1984. It was inspired by guerrilla warfare which is an irregular warfare and relates to the small tactic strategies used by armed civilians. Many of them include ambushes, sabotage, raids and elements of surprise. Guerrilla marketing is about taking the consumer by surprise, make an unreadable impression and create ample amount of social buzz. Guerrilla marketing is said to make a far more valuable impression with consumers in comparison to more traditional forms of advertising and marketing. This is due to the fact that most Guerrilla marketing campaigns aim to strike the consumer at a more personal and memorable level. Guerrilla marketing is often ideal for small businesses that need to reach a large audience without breaking the bank. It is also used by big companies in grassroots campaigns to compliment on-going mass media campaigns.

Instead of asking that you invest money, Guerrilla marketing suggests you invest time, energy, imagination and knowledge instead. It puts profits, not sales, as the main yardstick. It urges that you grow geometrically by enlarging the size of each transaction, having more transactions per year with each customer and tapping the enormous referral power of current customers. Guerrilla marketing advocates fervid follow-up, cooperation instead of competition, "you" marketing rather than "me" marketing, dialogues instead of monologues, counting relationships instead of counting sales and aiming at individuals instead of groups. The Guerrillas realize that the process of marketing is very much akin to the process of agriculture. Their marketing plans are the seeds they plant. Their marketing activities are the nourishment they give to each plant. Their profits are the harvest they reap. They know that profits don't come in a short time.

Basic Principles of Guerrilla Marketing:

Pursuing the analogy with Mao-Tse Tung's Guerrilla warfare tactics seven rules can be identified which illustrate the principles on which Guerrilla marketing relies. These are:

1. Concentrate your resources (time, place, and topic) to achieve temporary superiority.
2. Sell the ideology along with the product, not the product alone.
3. Identify established patterns, analyze them and overcome these patterns.
4. Search for synergies.
5. Try to outsmart any perception filters established in your target group.
6. Do not go the direct way; try to find the detours offering alternatives.
7. Be flexible and agile instead of building strongholds.

Looking at these rules, one can find several aspects that are not far from the "standard" marketing strategies. Some aspects, however, have completely different approaches. Guerrilla marketing is based on marketing the implicit attributes of products or services rather than their explicit, functional aspects. Rather than introducing the product itself, by introducing the idea that comes with it, it addresses the emotional ideology bound up with the product. This is done with the superiority of attention obtained at least in the very moment of communicating. Thus, Guerrilla marketing tries to target the emotional aspects of a buying decision by differentiating a product on an ideological level rather than a functional

level. There are a number of key principles that characterize Guerrilla marketing. These can be remembered by the acronym NEAPS.

Networks: business should constantly look to make contacts and build relationships.

Energy: remember that every contact and every day is an opportunity to market your company. This is called 360-degree marketing.

Activity: be aware that there are always opportunities to make your product known and find ways of doing this when the opportunity arises.

Presence: find ways to make your business known to the market. This could be through chat rooms, emails, forums, discussion boards, radio, magazines, street posters, and so on.

Smart: make sure that you do not offend customers.

Differentiating Guerrilla Marketing from Traditional Marketing

Guerrilla marketing is marketing that is unconventional, non-traditional, not by-the-book and extremely flexible. Some of the factors that make it different from traditional marketing are:
1. The usage of time, money and energy instead of only money.
2. Use of the science of psychology, actual laws of human behavior not guesswork.
3. Instead of being oriented to companies with limitless bank accounts, Guerrilla marketing is geared to small business.
4. Guerrillas grow profitably and then maintain their focus instead of growing large and diversifying.
5. Instead of encouraging you to advertise, Guerrilla marketing provides you with 100 different marketing weapons; advertising is only one of them. Instead of growing linearly by adding new customers, Guerrilla grow geometrically by enlarging the size of each transaction, generating more repeat sales, leaning upon the enormous referral power of customers and adding new customers.

Methods for Guerrilla Marketing:

There is a list of some methods for Guerrilla marketing that can be used. These methods are:
- Product give-away, including free demonstration and consultation.
- Intrigue – generating mystery to engage customers.
- Peer marketing – bringing people with similar interests or ages together to build up interest in the product.
- SMS text and video messaging.
- Roach baiting and buzz marketing – using actors to behave as normal customers to create interest, controversy or curiosity in a product or service.
- Live commercials – using people to do live commercials in key places such as clubs and pubs.

- Bill stickers – an approach used to promote DJs and club events.

Guerrilla marketing encompasses marketing approaches such as buzz marketing, viral marketing and grass root marketing. Guerrilla marketing employs give-away and contests, special events and "happenings", and street teams and other highly visible marketing teams. The Guerrilla marketing approach is a low-cost, high impact form of marketing that stresses creativity and capitalizes on the immediacy of needs. It is an approach that is flexible and responsive to changing conditions and relies on a willingness to try many different approaches. Above all it is fun and attention catching. Also called extreme marketing or feet-on-the-street marketing, a Guerrilla campaign has no preset rules or boundaries. Guerrilla marketing uses a combination of engaging vehicles including elements of public relations, advertising and marketing into an offensive promotion strategy to reach consumers through a variety of means. The element of surprise may be Guerrilla marketing's greatest attribute.

Reasons to use Guerrilla Marketing
Guerrilla marketing techniques have been used by a number of brands both large and small, in different situations. A common reason to use Guerrilla marketing techniques is to find new way to communicate with consumers. Nike sought to communicate with consumers through instant messaging. In a competition titled Speed Mob, pairs of participants were sent questions about new Nike products via instant messages; the first participant to answer the questions correctly progressed to the final round. Another reason to use Guerrilla marketing is to interact with an audience. In 2005, Burger King implemented a Guerrilla marketing campaign to increase sales by 25'K in Asian countries. The campaign designed by Ogilvy Red Card, aimed to attract more consumers into Burger King's restaurants. Some of the steps included "putting IBK on T-shirts and placing them on statues of Ronald McDonald, placing large footprints from McDonald's to Burger King, and putting signs on empty benches that said 'gone to BK – Ronald'.

4.3 E-MARKETING
E-marketing or online marketing is the fastest growing form of direct marketing. Recent technological advances have created a digital age. Widespread use of the internet and the other powerful new technologies are having a dramatic impact on both buyers and the marketers who serve them. Internet advertising comprises not only advertising that is shown on websites, but also other kinds of online activities like email and social networking. Every aspect of internet marketing is digital, meaning that it is electronic information that is transmitted on a computer or similar device, though naturally it can tie in with traditional offline advertising and sales too.

E-marketing has three cornerstone principles:
1. **Immediacy:** The web changes at a blistering pace and online audiences, whose attention spans are short, expect on-the-minute update and information. To keep the favour and attention of this group, you

must respond to online messages and internet with communities as quickly as possible.

2. **Personalization:** Customers online are no longer faceless members of a broad target audience-they are individuals who want to be addressed personally. Use the wealth of personal information available online to your benefit by targeting the relevant people precisely and personally.

3. **Relevance:** Communication online must be interesting and relevant to the reader, otherwise it will simply be ignored. With all the information that is competing for your audience's attention, you must find a way to stand out and engage readers. The best way to do this is by giving them exactly what they want, when they want it.

Internet marketing today

Throughout its history, the internet has reinvented itself many times – and the changes are far from over. The current web is dominated by socializing, cooperation, sharing and personal entertainment. It is a space both for work and play – an essential tool for virtually every business and the go-to repository for all forms of media culture products. People of all ages are spending more and more time online, and are turning to the internet for better services, convenience and life-enhancing tools: just consider how people use online shopping, online banking, web communities that cross all boundaries, instant news and updates, social networks and chat, self-expression and any of the dozens of other things that the web makes possible. 2010 was the first year where online advertising spends overtook the amount of money spent on newspaper advertising in the USA. It was the same year that online readership overtook traditional newspaper readership, which illustrates just how large an impact the internet has had on the marketing and advertising industry.

Why you need to be online

- Your market and competitors are already there. If you market and sell products or services to a middle-class clientele, you need to extend your strategy to include the internet.

- Web users expect the highest convenience and information at their fingertips. All companies need a website as their central point of contact. If your details don't come up in a web search, you will be ignored.

- Customers are fickle. They will not expend a lot of energy to find you online. Even worse, if your competitor is easy to find online, your potential customers will happily turn to them.

- Since South Africans are using, socialising and buying on the web – and especially because current advertising spend is still very low – now is an excellent time to move your marketing into the online sphere

and capitalize on a new and connected audience.

- Audiences want to interact with and converse about your brand and products. Give them the opportunity to do it in a mediated space, and become part of the discussion.
- Online marketing is almost always cheaper and more targeted than traditional. You can reach the best customers at the lowest price. When done smartly, your online marketing plan will

  integrate seamlessly with your traditional tactics, won't cost a fortune and will expose you to a market that you had previously been invisible to.

Marketing and the Internet

Much of the world's business today is carried out over digital networks that connect people and companies. The Internet, a vast public web of computer networks, connects users of all types all around the world to each other and to an amazingly large information repository. Internet usage continues to grow steadily. Last year, internet household penetration in the USA reached 64 percent, with more than 205 million people now using the internet at home or at work. The internet has given marketers a whole new way to create value for customers and build customer relationships. The web has fundamentally changed customer's notion of convenience, speed, price, product information and service. E-marketing encompasses a number of activities and these are increasingly changing as digital resources develop and evolve in both functionality and marketing applicability.

Global trends

The internet marketing field hasn't stood still. Here are some of the current trends:

Social media marketing: Whether it is a fad or here to stay, social media has made an indelible mark on the web landscape and, concurrently, on marketing tactics. Social media marketing involves using peer recommendations, sharing, building brand personality and addressing the market as a heterogeneous group of individuals. It also uniquely encourages customers to create content and buzz around a product themselves.

- **Viral marketing:** This form of marketing involves the exponential spread of a marketing message by online word of mouth (sometimes referred to a "word of mouse"). A major component of viral communication is the meme – a message that spreads virally and embeds itself in the collective consciousness ("Don't touch me on my studio" is a recent South African example). Viral marketing is closely tied to social media, since social media platforms and their sharing functionality are the main way that a message is able to "go viral" online. Keep in mind, however, that viral marketing does not make a holistic online marketing campaign and should be just one of many tools used to create awareness and encourage interaction.
- **Brand as product:** More than ever before, brands are creating personas and identities around themselves rather than the products they sell. The online space allows customers to interact and converse with the brand

personally and directly.

- **Ad fatigue:** Web users have become very familiar with online advertising and have learned to tune it out – or have even installed programs like Ad Block Plus to block it altogether. Marketers today have to think of very innovative and eye-catching strategies to entice wary viewers.

- **Targeting:** Virtually all online advertising is targeted to reach specific readers. Unlike the broad-strokes targeting done in traditional marketing (placing an advert in a relevant magazine, for example), web targeting can be extremely precise. With the immense amount of personal and usage data currently available, targeting can be done automatically and extremely successfully.

- **Golden oldies:** Despite all the exciting new strategies, email and website marketing remain among the most useful and effective techniques. These strategies do, of course, use new tools and tactics (like advanced tracking, integration with social networks and customer-generated content), but their essence stays the same.

The future of internet marketing

Naturally, it is impossible to predict what the future of internet marketing will hold, but two things are certain:

1. The field is growing and will become the largest and most important marketing sector in coming years.
2. The growth will be driven by new innovations in technology.

On top of that, web users are becoming more aware and marketing savvy, and their attention spans are shortening as desirable content becomes ever more quickly available. This market is more likely to challenge debate and denigrate a brand – but it is also more likely to share good content and products with an exponentially growing social circle.

Technology and convergence

Convergence is the process by which many technologies meld into one. Consider your cell phone: it makes calls, has a small camera, functions as a web browser and calendar and probably does a range of other software-based tasks. This is a good example of a basic convergence device: many functions are compressed into one piece of technology. Many devices are far more complex. Apple's new iPad tablet computer performs thousands of possible function and can be used as a portable computer, document reader, web browser, media platform and so on.

Convergence also happens between seemingly unrelated devices. For example, some advanced refrigerators include a small computer and internet connection: the appliance monitors what food is in stock and automatically orders the necessary replacements at an online grocery shopping site when you run low. Child-protection devices monitor a child's location over GPS and its vital signs with a range of sophisticated equipment. Content can now move seamlessly between desktop and mobile devices. In an always-connected, converging world, marketing will have to adapt constantly and spread along these new technological lines.

Consumer control

The internet has already affected a radical shift in the way that media and consumers interact. Traditional media have a one-to-many approach: the media outlet beams its message down to a host of passive consumers. The web, however, relies on many-to-many interaction: anybody can post content or comment on what they see, and media outlets no longer have complete power over their broadcast message. In the world where everything is social and shared, the consumer has a lot of power – and it is likely to grow. Marketing agencies foresee that they will need to hand even more control over to customers, who want to engage on deeper and more significant levels with content. The trend may go so far as letting customers create and mediate marketing content, with agencies keeping oversight and steering from the sidelines.

4.4 GREEN MARKETING

A majority of people believe that green refers solely to the promotion or advertising of products with environmental characteristics. Terms like Phosphate Free, Recyclable, Refillable, Ozone Friendly and Environmental Friendly are some of the things consumers most often associate with green marketing. While these terms are green marketing claims, in general green marketing is a much broader concept, one that can be applied to consumer goods, industrial goods and even services. For example, around the world there are resorts that are beginning to promote themselves as "Eco tourist" facilities, i.e., facilities that "specialize" in experiencing nature or operating in a fashion that minimize their environmental impact.

Thus, green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes as well as modifying advertising. Yet defining green marketing is not a simple task. Indeed, the terminology used in this area has varied, it includes: Green marketing, Environmental Marketing and Ecological Marketing. While green marketing came into prominence in the late 1980s and early 1990s, it was first discussed much earlier. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. At this workshop, ecological marketing was defined as: the study of the positive and negative aspects of marketing activities on pollution, energy depletion and non-energy resource depletion. This early definition has three key components,

- It is a subset of the overall marketing activity
- It examines both the positive and negative activities
- A narrow range of environmental issues are examined.

A broader definition of Green marketing is, it consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment.

Importance of Green Marketing

The question of why green marketing has increased in importance is quite simple and relies on the basic definition of economics: Economics is the study of how people use their limited

resources to try to satisfy unlimited wants. Thus mankind has limited resources on earth, with which he/she must attempt to provide for the world's unlimited wants. In market societies where there is "freedom of choice", it has generally been accepted that individuals and organizations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants individual and industry, as well as achieving the selling organizations objectives.

Reasons for Using Green Marketing

There are several reasons for firms increased use of green marketing. Five possible reasons cited are:

1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organizations believe they have a moral obligation to be more socially responsible.
3. Governmental bodies are forcing firms to become more responsible.
4. Competitor's environmental activities pressure firms to change their environmental marketing activities.
5. Cost factors associated with waste disposal or reduction in material usage forces firms to modify their behavior.

Opportunities

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

McDonald's replaced its clam shell packaging with waxed paper because of the increased consumer concern relating to polystyrene production and ozone depletion. In a similar case Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demand of firms for less environmentally harmful products. This is not imply that all firms who have undertaken environmental marketing activities improve their behavior. In some cases firms have misled consumers in an attempt to gain market share. In other cases firms have jumped on the green bandwagon without considering the accuracy of their behavior, their claims or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

Social Responsibility

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve

environmental objectives as well as profit related objectives. This results in environmental issue being integrated into the firm's corporate culture. Firms in this situation can take two perspectives; (1) they can use the fact that they are environmentally responsible as a marketing tool; (2) they can become responsible without promoting this fact. There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behavior is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool. An example of a firm that does not promote its environmental initiative is Coca-Cola. They have invested large sum of money in various recycling activities, as well as having modified their packaging to minimize its environmental pressure. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization.

Governmental Pressure
As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways, (1) reduce production of harmful goods or by-products; (2) modify consumer and industry's use and/or consumption of harmful goods; (3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases, governments try to "induce" final consumers to become more responsible. Thus government's attempts to protect consumers from false or misleading claims should theoretically provide consumers with the ability to make more informed decisions.

Competitive Pressure
Another major force in the environmental marketing area has been firm's desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behavior and attempt to emulate this behavior. In some instances, this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by the manufacturers.

Cost or Profit Issue
Firms may also use green marketing in an attempt to address cost or profit related issue. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming

increasingly costly and in some cases difficult. Therefore, firms that can reduce harmful waste may incur substantial cost saving. In these cases, they often develop more effective production processes that not only reduce waste, but reduce the need for some raw material.

Some Issue/Problems with going Green
No matter why a firm uses green marketing there are a number of potential problems that they must overcome. One of the main problem is that using green marketing must ensure that their activities are not misleading to consumers or industry and do not breach any of the regulations or laws dealing with environmental marketing. Green marketing claims must:

- Clearly state environmental benefits;
- Explain environmental characteristics;
- Explain how benefits are achieved;
- Ensure comparative differences are justified;
- Ensure negative factors are taken into consideration;
- Only use meaningful terms and pictures.

Another problem firm's face is that those who modify their products due to increased consumer concern must contend with the fact that consumer's perceptions are sometimes not correct. Take for example the McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Since scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less harmful. If this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option.

4.5 RETAIL MARKETING

Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use. It is responsible for matching supplies of manufacturers with the demand of consumers. The retailer performs many activities like anticipating and forecasting consumer requirements, developing an ideal assortment of products, acquiring and processing marketing information, bulk breaking to suit individual customer requirements and sometimes performs the financing function. Many institutions including manufacturers, wholesalers also do retailing. Although most retailing is done in retail stores, in recent years' non-store retailing has been growing much faster than on-store retailing. Non-store retailing includes selling to final consumers through direct mail, catalogue, telephone, Internet, TV home shopping shows, door-to-door contact and vending machines etc.

Retailing differs from marketing in the sense that it refers to only those activities, which are related to marketing goods and/or services to final consumers for personal, family or household use. Marketing however is an integrative process of planning and executing the conception, pricing, presentation and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. Retailing is an intrinsic part of our daily lives. A successful retailer has to satisfy the customers through a high level of customer service and wide assortments of

goods and services of customer's choice.

Functions of Retailing

Retailers are crucial players in the emerging market scenario. Large brands are running first to get into the desired retail formats to cater to the growing middle class of India. Retailers perform various functions like providing assortments, sorting, breaking the bulk, rendering services, bearing risk, channel of communication and transport and holding inventory. They significantly contribute towards increasing the product value and satisfying the consumers.

Providing Assortments: Offering an assortment enables customers to choose from a wide selection of brands, design, sizes, colors and prices in one location. Manufacturers specialize in producing specific types of products, for example, Kellogg's makes breakfast cereals and Campbell makes soups. If each of these manufacturers had its own stores that only sold its own products, consumers would have to go to many different stores to buy groceries to prepare a single meal. Retailers offer assortment of multiple products and brand for consumer convenience.

Sorting: Manufacturers make one single line or multiple product lines and will always prefer to sell their entire output to few buyers to reduce their costs. Final consumers will prefer to buy from a large variety of goods and services to choose from and usually buy in smaller quantities. Retailers have to balance between demands of both the sides, by collecting a combination of goods from different producers, buying them in large quantities and selling them to individual consumers in smaller quantities. The process is called sorting and under this process, the retailer undertakes activities and performs functions that add value to the products and services while selling them to consumers.

Breaking Bulk: Retailers offer the products in smaller quantities tailored to individual consumers and household consumption pattern. This reduces transportation costs, warehouse costs and inventory cost. This is called breaking bulk. The word 'retailing' is drawn from French, which means 'cutting a piece off', which shows the true function of a retailer.

Rendering Services: Retailers provides credits facilities to the customers. They display products, which attract the customers. Retailers keep ready information on hand to answer queries of the customers. They provide services by which the ownership can be transferred from manufacturer to the end consumers with convenience. They also provide product guarantee from owner's side, after sale services and dealing with consumer complaints.

Risk Bearing: The retailer bears a different kind of risk to the manufacturers and wholesalers. Even the customers can come back to the retail point and return the product. In that case the risk of product ownership many times rests with the retailers. Many companies have buy back schemes and return schemes whereby the retailers can return the unsold items.

Holding Inventory: A major function of retailers is to keep inventory so that products will be available for consumers. Thus, consumers can keep a

much smaller inventory of products at home because they can easily access from the nearby retailers. Retailers inventory allows customers instant availability of the products and services.

Transport and Advertising Function: Retailers also help in transport and advertising function. The larger assortments are transported from wholesaler's point by retailers own arrangements and many times, the retailers deliver the goods at final consumer's point. So, retailers provide assistance in storage, transportation and advertising and pre-payment merchandise. The percentage that a retailer gets from the sale price depends on the number of function that the retailer does for the manufacturer.

Importance of Retailing

Retailing is the last stage in the channel of distribution, which comprises all the business and people involved in the physical movement and transfer of ownership of goods and services from producer to customers. Retailers collect an assortment of goods and services from various sources, buy them in large quantities and offer to sell them in small quantities to consumers. As a result, each manufacturer becomes more efficient and the final consumers are pleased with the available selection.

Wide retail assortments let consumers do one-stop shopping and they can choose and buy the product version and at the amount desired. Retailers communicate both with customers and with manufacturers and wholesalers. From ads, sales people and displays, shoppers learn about the availability and characteristics of goods and services, store hours, sales and so on. Manufacturers, wholesalers and others are informed about sales forecast delivery delays, customer complaints, defective items and more. Many goods and services have been modified due to feedback received by suppliers.

Basic Tasks of Retailing

The most fundamental task that retailing does is getting consumers into the store, converting them into customers and operating as efficiently as possible. It is not easy to successfully complete these three basic tasks. After all, inducing a person to part with his/her hard earned cash is not an easy job. Hence, retailing is not only the last step but also a decisive one that determines whether the efforts made were fruitful or wasted. Retailing strategy is carefully planned after identifying the target market and finalizing the target market. Retail segmentation is a method used to break down heterogeneous consumer populations into smaller more homogeneous groups, based on their characteristics. Because any single retailer cannot serve all potential customers, it is important that it segments the market and selects a target market. A target market is that segment of the market that the retailer decides to pursue through his marketing efforts. Retailers in the same line of trade pursue different target markets.

When the target is clearly identified then the retail can plan factors like location, assortment of merchandise, pricing and ambience. Targeting enables the retailers to efficiently utilize his/her scarce financial resources and efforts to position their products in a favorable light in the minds of the customers. A retailer device his positioning strategy in such a way that he is

able to project a better and different image relative ti his retail category and its competitors and elicits consumer response to that image. The image perceived in the minds of customers induces the buyers to transact and repeat the same purchase behaviour over a period of time leading to store loyalty. So, segmentation, marketing and positioning helps the retailers to develop his retail strategy.

A retail strategy is the overall plan or framework of action that guides a retailer to use his scarce resources to achieve his objectives. It has the ability to influence activities of the retail organization and its responses to competitive forces. There are six steps involved in the development of a retail strategy. The manager defines the business of a firm in terms of orientation towards a particular sector. He should set short-term and long-term objectives, with regards to image and profitability. He should identify the target market towards which all efforts should be directed on the basis of customer characteristics and needs. There should be a decision regarding the broad direction of the company must take in future of retailing like pricing, location and channel member decision. Finally, he should receive the plan depending on the nature of the internal and external environment. A retail strategy combines both controllable and uncontrollable variables. The following table explains the set of controllable and uncontrollable variables:

Controllable Variables	Uncontrollable Variables
Store location	Consumers
Managing a business	Competition
Merchandise management and pricing	Technology
Communicating with customer	Economic conditions
	Legal restrictions

The retail concept has guidelines, which must be followed by the retailers, irrespective of their size, structure, channel design and medium of selling. The retail concept is deployed to reach its target market and achieve the firm's objective. The retailing mix brings the firm's objectives in final and practical form.

Retail Mix

It describes how major factors like price and merchandise are traded off against other retail factors like service, location, marketing communication, quality and store's ambience to form an overall store image, create value for customers and produce profit for the retailer. While developing a retail marketing strategy, the marketing manager can use these elements to design final retail management program.

Service: In retailing, the word 'service' describes the personal attention and amenities a store provides to its customers. Most stores offer at least some services. The help of a trained sales staff, for example adds value for customers. Other types of services provided by retailers include credit facilities, extended financing, gift-wrapping, and installation and customizing to suit individual customer requirements.

Location: This is the most important factor in a retailing decision. People

will always look for location choice before going to a store. Even though today's consumer is highly mobile, the convenience of location is still one of the top criteria people use in choosing where to shop. This is especially true for fast moving consumer goods and durables business.

Ambience: Most successful stores have distinct images called store personalities. This is the result of many factors besides price and quality. Retailers often talk about atmosphere of ambience, when describing their image. Atmosphere reflects the environment both outside and inside the store; it includes window display, signage, décor, furniture, store layout, lightning, sound such as music and even scents.

Marketing Communication: A store's image as well as other information about the merchandise for sale is communicated largely through advertising and in-store promotional materials. The store front and display windows, store layouts and merchandise display help gain consumer enthusiasm, present a fresh look, introduce new product categories and reflect changing seasons and themes. Marketing communication is a key issue for Pantaloon stores as they put banners, posters and other point of purchase displays in the store before every new launch or beginning of a sales promotion program.

Pricing: Pricing refers to retailer's comparative strategy with respect to competitors. Many discount stores achieve greater success due to this pricing variation. Various pricing methods include prestige pricing, competitive pricing and penetration pricing to attract target consumers.

Retail Formats

The growth in retail power and influence has originated from the concentration of trade into the hands of fewer larger enterprises. The change in retail industry is due to various factors like liberalization, changes in regulation, globalization and consumer preferences. While international chains are looking for newer markets and manufacturers; the producers are also looking for different kinds of retail formats to cater to their target markets.

Mom and Pop Stores and Kirana Stores

Mom and Pop stores are the traditional independent stores, which are spread across the country and cater to a large chunk of population. The real growth in Indian retailing is happening in these kinds of stores. Though the emergence of organized formats have brought more competition to the Pop and Mom stores and Kirana stores, but the level of proximity these store enjoy has given them a comparative advantage over others. Such kinds of stores are found everywhere in India and mostly in small towns in India.

Department Stores

These kinds of stores are found in USA. Example of such kinds of stores includes JC Penney, Sears and Montgomery ward. A department store must have at least 2500 square meters of space. It must offer a product range that is both wide and deep in several product categories. These kinds of stores are slowly becoming non-profitable. These players are not going out of market but they are turning out to be variety stores to cater to large markets.

Discount Stores

These are big stores like Wal-Mart, which is the biggest retailer in the world. These along with category killers have changed the landscape of the retails industry. The discount stores are likely to dominate the future retailing in India. These big stores achieve economy of scale and hold substantial power in the market. Their capacity and technology usage are so high that they control more of the marketing network than the manufacturer.

Category Killers

These retailers dominate one area of merchandise like sports goods, office depot's etc. These category killers buy such a huge quantity that they can offer prices at abysmally low levels, even manufacturers cannot match. The future of this category of stores is brighter than many of the general discounters.

Specialty Stores

These stores include Body Shop, Crate and Barrel and Victoria Secrets. These stores concentrate on one type of merchandise and offer in a manner that makes it special. Some of these stores are high-end stores like Tiffany's. Many of these stores also cater to prices conscious customers. Many of these stores are so successful that departmental stores have started following such models. There is likely to be a growth in home furnishing and home Improvement category of specialty stores.

Superstores and Hyper Markets

The super markets and hyper markets are becoming more popular in the face of declining of departmental stores. These stores are situated outside traditional shopping centers and enjoy greater accessibility by car, greater economies of scale and the benefits of being built for a special purpose. While a super store is around 25000 square feet of selling space, a hypermarket has around 50000 square feet of selling space. These are large stores selling primarily groceries in some countries. In many countries the term implies large stores and special formats, offering a strong depth of assortments.

E-tailers

Many of the popular store formats have their online storefronts but there is a growing class or e-tailers or virtual retailers in the Internet space. One of the successful models is www.amazon.in. Another popular discount e-tailer is www.flipkart.com, which uses reverse auction pricing model to cater to the online shoppers. Few more are www.ebay.in, www.snapdeal.com, www.myntra.com, www.jabong.com, www.shopclues.com, www.homeshop18.com, www.aliexpress.com, www.lenskart.com, www.reliancedigital.in, etc. Since e-commerce and online shopping are on a rise, we are likely to see successful e-tailers in the coming period of time.

4.6 RURAL MARKETING

A few years ago, the rural market in India was an unknown territory and

many companies were not interested in entering the rural markets of India, as the demand pattern was fragile, seasonal, purchasing power was scantly distributed among a few wealthy landlords. Communication, transportation and infrastructure were the main blocks for growth of rural market and penetration of urban products in rural markets. But these things are the story of the past and now everyone is looking at rural markets as the next growth driver in Indian market.

Today, rural markets are in the focus of Indian marketers for various reasons that include the current and future potential of the market. The size of the market covers two thirds of the country's population and half of the national income comes from the rural population. The country is classified into more than 400 districts and around 63,00,000 villages, which can be classified on the basis of literacy level, fragmented income level, different degree of penetration and geographic distance from urban markets. These classifications help in arriving at a market size that offers opportunities and challenges to urban marketers. For the purpose of convenience, we would take the definition adopted by the Government of India that "whatever is not urban is rural". The government of India defines urban as one that follows any of the following three sets of criteria:

- Presence of a Municipal Council, Cantonment, etc. or a minimum population density of 5000 persons;
- A population density of 400 persons per sq. km;
- At least 75% of the male population is engaged in non-agricultural activities.

While the rural market certainly offers a big attraction to marketers, it is one of the most difficult markets, requiring from the marketers a considerable amount of investment. It should be mentioned here that more than investments, what is required is an understanding the psyche of the rural consumer and this is indeed the most daunting tasks as reflected from the failure of many major brands in the rural markets.

Opportunities In Rural Markets

Rural marketing provides challenges and opportunities for marketers. If these challenges are taken care of through careful market planning and strategy building, it is possible to get success in rural markets in India.

Untapped Potential

It offers a great chance for different branded goods as well as services for larger number of customers. This market is largely unexploited by marketers. It is estimated by Unilever that out of five lakh villages in India, only one lakh has been tapped so far, which goes on to indicate the market potential of the rural market.

Market Size and Potential

The size of India's rural market is stated as 12.2 percent of the total world population. This means 12.2 percent of the world's consumers live in rural India. In India, rural households from about 72 percent of the total households and this constitute a huge market by any standard.

Current Consumption

The purchase and consumption of certain durables and non-durables by consumers in rural areas is more than in urban areas. Some of the durables

for which the demand in rural areas is more than of urban areas are sewing machine, radios, wristwatches, bicycles etc. It is estimated that for washing machine and durables, the annualized growth has been at a rate of 37% and 25% respectively, which is outstanding by any standards.

Increasing Income

Different programs undertaken by the government have helped to improve the economic situation of the rural areas. The increase in income is seen in both absolute values as well as in the increase in average number of days of occupation in a year.

Accessibility of Markets

Though the road network hasn't developed to the best possible extent but a fiar amount of development has been made in many regions, making these regions accessible from the urban region and making it easier for supplying products to these regions.

Competition in Urban Areas

The urban market is getting saturated and thus is unable to provide the much needed market to many companies and in search of greener pastures, many of these companies are now targeting the rural market.

Challenges In Indian Rural Markets

Mismatch of Urban Focused Strategy to Rural Markets

Many companies have tried to push their urban produce to the rural heartland and have often failed in their initiatives. There are various reasons for which the urban marketing strategy does not fit into rural marketing structure and it needs a reorientation by looking at the competitive landscape and challenges of the rural market.

Lack of Retail Infrastructure

According to the Indian Market Research Bureau (IMRB) study, 60, 000 of the approx. 0.6 million villages in India did not have a retail outlet of any kind. Further, the outlet density in rural India is lower than that in urban India. Thus, it is more difficult to make a product available to a rural consumer than to an urban one. Moreover, the availability of retail infrastructure is directly linked to the village size. Thus, many small villages may not even have a shop from which the product can be made available to the rural consumers. Augmenting infrastructure at the retail level is a difficult task because it involves motivating someone to discard an alternative occupation, such as farming and start a shop. Further, even if there is willingness to open a retail shop the person may not possess the necessary capital to buy stocks.

Vast and Unevenly Distributed Purchasing Power

Although rural India accounts for a significant share of the total consumption in a number of categories, the consumption tends to be geographically dispersed because of the sparse distribution of population and unevenness of purchasing power.

Lack of Storage, Handling and Communication Infrastructure

For a tiered distribution channel to function, adequate storage, handling and transport and communication infrastructure is required. Pucca roads connect only 33% of the total villages in India. Further, the connected villages are not equally distributed across regions. While pucca road connects 57% of villages in the South zone, the same in the East zone

connects only 20 %. Similarly, only 1.2% of villages in India have railway stations.

Seasonal Demand Pattern

Agriculture is the primary source of income in rural India. With agriculture being a seasonal activity, the demand pattern also tends to be seasonal. The demand is typically high during the peak crop harvesting and marketing season. The seasonality of demand implies low sales in the lull months, which again affects the viability of operations of the members of the distribution channel.

Importance of Rural Market

Though the rural markets are fragmented and consumer's purchasing power is not comparable to urban consumers, that does not in any way lessen the importance of rural markets in the Indian marketing environment as the following factors will indicate:

Size of Rural Market

An analysis of National Sample Survey data shows that of the total expenditure on manufactured consumer's goods, 75% is spent in rural India. The percentage has remained almost unchanged since 1960-61. Though per capita consumption and expenditure on manufactured consumer items is low in rural areas, the market is approximately three times larger. On the assumption that all persons or families above the poverty line from the market for some branded consumer goods, this market has a size of 62 million households.

Rural Market in Value Terms

For non-food consumption items, the size of the market in current prices was Rs. 5500 crores in 1970-71 and Rs. 27000 crores in 1999-2000. Assuming the rural population above the poverty line mainly consumes these items, it represents annual expenses of Rs. 15.6 per head per annum. In real terms, however, the growth has been very modest at 3.5 per cent per annum due to a number of factors such as:

- Lack of concerted effort by the organized sector to penetrate the rural market.
- Averages are misleading in this type of analysis, as peak opportunities, which occur in certain pockets, may not be fully realized.

Rural Target Population

Wealth distribution in rural India is uneven and the top 13 percent of the farmers land holdings account for 37 percent of cultivated areas. Further, NSS data show that the top 10 percent of the rural population accounts for about 37 percent of the expenditure on consumer goods. However, with the increase spread of the rural income, consumer goods are expected to make substantial penetration into the lower income strata by the normal percolation effect.

There is an increasing cross flow of population between urban and project town centers which act as conduits for cross flow of products and ideas, thus supplementing the demand for such products and ideas supplementing the demand for such products.

Sources of Rural Purchasing Capacity

There are various sources, which contribute to purchasing capacity in rural

areas. A few of them are listed below:

Marketable Agricultural Surplus and Rural/urban Terms of Trade: So far as manufactured consumer goods are concerned; regression analysis reveals that there is a 0.7 percent rise in consumption for every 1 percent increase in marketable surplus of food grains. As the surplus is increasing every year, there will be increasing purchase capacity with farmers.

Remittances: The traditional remittances from within the country are now being supplemented in several states by remittances from overseas. In 1998 total inward remittances in the state of Kerala were estimated at Rs. 1400 crores. This creates new consumption and purchasing patterns among the rural population.

Government Expenditure: Investments in flood control and irrigation facilities, for rural development and associated programs is increasing day by day. Benefits from these programs will generate additional income leading to increasing in purchasing power for rural customers, which can be expected to support consumption of manufactured items. Further, these investments are expected to augment the income generation process from land in future years, which in turn, will accelerate the growth of rural markets.

Dispersal of Industry: The investment in the development of backward areas will greatly speed up the income generation process in rural areas. Government is giving tax holidays and other incentives for industries to move towards rural areas, so that urban congestion can be avoided and there would be parity in rural development.

Developing Rural Marketing Strategy

Developing marketing strategy for rural markets is a difficult task and one cannot replicate an urban marketing strategy for rural markets. If rural markets have to be developed, each of the marketing elements like product, price, distribution and promotion should be performed in a different manner that in urban market. Segmenting rural markets is a difficult task due to wide variety in the consumption pattern and scarce distribution of potential customers among the rural population. Demographic characteristics like age, gender, occupation and social status can be used for market segmentation. Socioeconomic characteristics can also be used for the same. Other than the conventional methods of segmentation, we can also use few more variables like land holding pattern, irrigation facilities, progressiveness of the farmers, cropping pattern, and education level and occupation categories.

Segmentation on the basis of land holding pattern classifies customers into marginal farmers, small farmers, semi medium farmers, medium farmers and large farmers. The other segments include landless laborers, people working in non-farm sectors including rural craftsmen, agricultural labors and artisans. Rural markets can also be segmented from sociological perspective. This perspective classifies rural customers into following categories:

- Rich farmers who belong to the dominant caste of the areas
- Small peasants or marginal farmers owning uneconomic land holding
- Proprietors of land

- Tenant farmers operating on rented lands belonging to large landholders and working on small uneconomic land holding
- Agricultural laborers who work on the fields of rich farmers and landlords.
- Artisans and others, including the unemployed.

Segmentation on the basis of land holding is appropriate for agricultural product marketing. Segmentation on the basis of sociological perspective holds good for consumables and durables. Rural marketers use appropriate methods of segmentation for their products and services by taking a combination of segmentation bases for developing a successful marketing strategy.

4.7 NICHE – MARKETING

Niche markets are an attractive opportunity available to small businesses forced to compete against the scale economies that larger competitors are able to achieve. Niche markets consist of groups of consumers (market segments) within the larger marketplace who have similar demographic, buying behavior, and/or lifestyle characteristics. Examples include food buyers who prioritize quality assurances and source of production, and consumers who seek an easy preparation entrée available in convenient form. Even consumers with the same buying behavior may have differing motivations (which are essential elements to know for marketing and promotion). For example, organic consumers used to be identified by their concern for their environment, but now there are entirely different segments of consumers who buy organics because they perceive those foods as having higher nutritional benefits. Understanding target consumer segments is a crucial factor in determining whether an operation has the resources, interests, and business elements necessary to meet the needs of prospective customers.

Once the like-minded consumers have been identified, it may be helpful to name or label them (called "clustering"), as a way of facilitating targeted marketing activities and "branding" of the venture's offerings. Clustering of consumers also allows a business to plan more targeted and effective marketing activities, especially if the venture understands the consumers' motivations for buying products or visiting specific shopping or tourism venues. In addition, consumer clustering may also help with estimating potential visitor numbers and appropriate price points for different customer groups. For example, consider a venture that wishes to market to a customer group that prioritizes convenience. If it takes more marketing resources to get the venture's product in ready-to-eat form or to nearby markets (farmers' markets or direct deliveries), then the prices charged can be higher for this customer group to offset the additional resources. In comparison, this method of marketing would not work for a customer group that prioritizes price and is willing to go out of the way to locate

lower-cost items

After the niche is identified, the next step is to find this buying public and grab their attention. This takes thoughtful promotional planning and development of messages to connect with potential buyers. Marketing materials, such as websites, brochures, personal communications, packaging, public image, etc., need to integrate credible claims, motivational messages, and consistent images to connect to (and build loyalty with) niche market consumers.

Essential elements of a niche marketing strategy to consider include:

- Know the customers: Segmenting the overall market allows the business manager to target what the business venture can offer.
- Set clear goals and objectives for what the business hopes to achieve by following a niche marketing approach: Reach new customer segments? Lower marketing costs? Secure premium pricing?
- Does niche marketing match up with the resources, capabilities and preferences of the venture?

Five Stages to Fully Address the Niche Opportunity

There are five stages to consider when attempting to address niche marketing opportunities. These stages are strategic planning, defining the mission and objectives, strategies and action, monitoring key projects and objectives, and organizational realignment.

1. Strategic Planning

Strategic planning encompasses many of the issues discussed above, including the assessment of market opportunities, as well as an inventory of internal resources, values, potential strengths/capabilities (addressed in more depth below), and any weaknesses/shortfalls of the current operation. In short, the overall strategy provides a "road map" to attaining the objectives of the operation and its owners, while staying true to their vision and mission.

2. Define Mission and Objectives

The mission is the operation's statement about why it exists, and sets the tone of what the company and its products' image should be at the very highest level of the operation. There should be a broad-based buy-in to this mission from owners, employees, other important stakeholders, and maybe even targeted customers. In essence, the mission explains the culture of the business to both internal players and external consumers.

The goals/objectives start narrowing the mission into workable pieces and set a direction for where different elements of the business should or could be to effectively deliver on the mission of the operation. Although these goals should continue to be forward thinking and broad-based, stakeholders should be able to see directed resources, market-driven actions, and business activity changes that may emerge to support the strategic direction

chosen by the operation's management.

3. **Strategies and Action**

To begin taking specific actions, with timelines and measurable outcomes that will support the broader mission, strategies, and goals of the business, it may be most effective to develop a work plan. That plan should include a key personnel list, timeline for the activity, a list of resources or budget needed to execute the plans, and any other relevant information (partners, pertinent legal or regulatory issues, and connections to other pieces of the work plan). Although a sufficient level of detail on all the actions to be taken may seem overwhelming, it will provide a realistic inventory of what needs to be accomplished and divide the actions into small enough units to facilitate timely action (rather than inaction due to being overwhelmed by the scale of larger goals of the company). Remember that actions are both effective and realistic steps to achieving the operation's strategy. In short, this step requires the operation to build a plan of execution.

4. **Monitoring Key Projects/Objectives**

Monitoring a firm's progress towards its goals is one of the most crucial actions during the first years of a new (or significantly changed) enterprise. Determine key projects and areas of potential success within the work plan established above, and then decide on specific measurable elements that will allow the operation to monitor success. These elements should not all be financial indicators, as too many businesses focus on financial goals before they can realistically be met. In addition to monitoring sales growth, visitor numbers, and profits, the operation might also monitor full deployment of resources (land, buildings, employees, etc.), customer satisfaction and return visits, or employee feedback on their participation in the enterprise.

As part of monitoring, the operation should report on key strategies and objectives, following up on any deadlines or specific measurable elements that were set. There should be clear accountability to a person in the organization (or key partner), while being cognizant of guarding against overly loose or tight management (since both will stymie leadership development). Each step in monitoring and redirecting should be used to maintain forward motion towards attaining the change or growth goals of the operation.

What signals will trigger changes or growth for the enterprise? This is an important question since the early years of a new niche marketing plan will require great flexibility and adaptive management responses. The frequency of monitoring will also affect how much time is given for marketing efforts to prove themselves, and how quickly the operation can respond to consumer wishes.

5. **Organizational Realignment**

In order to clearly link the objectives and strategies of any new niche venture, it is likely that the management will have to consider an organizational realignment of resources, human capital and marketing efforts. To be successful in niche marketing, it is important to align the structure and culture of the business and the personal lives of the

owners in ways that are compatible with the niche the business hopes to operate within. This may include a change in the levels of family involvement, the privacy or solitude available on the farm or ranch, the choice to "brand" the owners' family heritage and approach to farming, or even relinquishing control of some business activities to marketing or community partners.

The Decision to Market in a Niche

Even after developing a plan to enter a niche market, it is important to pick one point in the planning process to finally decide whether the new niche venture is feasible, and if so, fully commit to the plan. There are a number of elements that should enter into that final decision:

- Acknowledge the present
- Be aware of intent/vision
- Control dreams:
- Manage within means
- Determine the risks

Note that the first two are deliberate visioning and the second two are bringing realism.

In the end, the management and stakeholders of a farm or ranch must consider how to answer the question of whether their operation needs growth, change, or exit from the market. Niche marketing is only one of the potential enterprise diversification strategies that may affect this "big picture" thinking.

4.8 OTHER RELEVANT 'P's IN MARKETING MIX

PERFORMANCE:
Performance refers to the delivery of superior experience of a luxury brand at two levels – first, at a product level and second, at an experiential level.

At a product level, fundamentally it must satisfy the functional and utilitarian characteristic as well as deliver on its practical physical attributes – a recipe of quality or design excellence ingredients like craftsmanship, precision, materials, high quality, unique design, extraordinary product capabilities, technology & innovation. For example: On their 70th anniversary, Patek Philippe unveiled a new complicated wristwatch. Along with a unique column wheel chronograph movement, the day and month appear in a double window at 12 o'clock, with a hand indicating the date around the moon phase. The leap year is displayed in a small round window at 4:30 opposite a matching window for the day/night display at 7:30. Like all the brand's grand complications, it has two interchangeable backs - one in sapphire crystal that reveals the movement complexity and the elegance of its finishing, the other, a white gold solid back that can be personalized with a dedication or an engraving.

Omega Speedmaster Chronograph – the moon watch: Selection by NASA, a walk in space in 1965 and since 1969 six mission to the moon is what

makes this series with extraordinary capabilities. After it became a life-saving instrument during the Apollo 13 mission, the Speedmaster went on to become a symbol of peace, as both American & Soviet astronauts wore it in the first joint space-mission during the cold war. It never left the Space Program as it still the only watch certified by NASA for all EVAs (Extra-Vehicular Activities). A luxury brand must perform at an experiential level as well, i.e. the emotional value of the brand the consumers buy into – beyond what the product is to what it represents. For example: Rolex stands of symbol of heroic achievement & Tiffany is a symbol of love and beauty.

PEDIGREE:

Many luxury brands have a rich pedigree and extraordinary history that turn in to an inseparable part of the brand's mystique. This mystique is generally built around the exceptional legendary founder character of the past, making up an integral part of the brand story and brand personality. So, when consumers buy say a Cartier or a Chanel product - it is not only because of the product performance factor, but subconsciously they are also influenced by the brand's rich lineage, heritage and the years of mastery. Coco Chanel started her business in 1913 and within a few decades, became a revolutionary couturier. With Chanel Coco Mademoiselle campaigns in 1981, 2008, 2009 & the recent 2011, Chanel has continuously leveraged its pedigree / brand mystique. Similarly, Rolls-Royce celebrated the 100th anniversary of its iconic emblem, the Spirit of Ecstasy with '100 cars for 100 years' and featured a collection of Rolls-Royce models, supplied by members of the Rolls-Royce Enthusiasts' Club, dating back to 1911.

PAUCITY:

Over-revelation-and-distribution of luxury brand can cause dilution of luxury character, hence many brands try to maintain the perception that the goods are scarce. Case in point - Burberry diluted its brand image in the UK in the early 2000s by over-licensing its brand, thus reducing its image as a brand whose products were consumed only by the elite. Gucci, now largely sold in directly-owned stores, following a nearly crippling attempt to widely license their brand in the 1970s and 1980s.

Broadly, there's natural paucity (the actual scarcity), the technology-led paucity and the tactical- driven paucity.

Natural paucity is triggered by scarce ingredients like platinum, diamonds, etc. and/or those goods that require exceptional human expertise, for example handcrafted quality that constraints the mass production.

Technology-driven paucity is as a result of conception-time involved in continuous innovation and research-&-development process.

Tactical- driven paucity are more promotional in nature such as the limited editions or the special series to generate artificial desire and demand. Another deviation within this is the customization of luxury good, e.g. Garson USA custom made a diamond-encrusted Mercedes SL600 for Prince Al-Waleed bin Talal of Saudi Arabia in 2007.

PERSONA:

The persona of a luxury brand is largely a result of – first, its distinctive projection plus coherence of its applications across consumer touch-points and second, the brand communication through its advertising.

The visual brand identity captures the brand's personality, mystique & emotional values in a nutshell. The distinct and consistent orchestration of the identity is central to establishing the visibility, familiarity & common identifiable brand imagery. The visual brand orchestration can manifest by way of its coherent application of its identity, the brand color(s), the other design elements like icons, the uniquely identifiable design, branded environment and even the tone-of- voice. While the luxury brand's visual identity is a fairly stable factor, luxury brand advertising is a more dynamic and versatile marketing vehicle. While the pedigree of the brand has its role, keeping-up the contemporary-appeal and the newness-factor is crucial for enduring brand relevance. Therefore, luxury advertising not only needs to generate the desire for the seasonal collection, but at the same time it must also enhance the brand's cool-quotient, thereby making it continuously desirable and aspirational. At an overall level, luxury advertising messages can be observed:

- As more emotional and sensual to distance it from mass-premium brands
- Create a world and an aura that is truly exceptional to their brand signature
- Generate major differentiation in its production and execution

One of the relatively new trends within luxury brand communication is the use of the long-form- commercials or the short-film-videos to generate interest with the online audience. It is clearly a pursuit where luxury brands are looking to bridge the gap between the familiar world of print and the fast-evolving world of online. It has also proved impactful as in a matter of few minutes, the viewer can have a clear understanding of the brand image or the story the brand is trying to convey or simply promotion of the new collection. Apart from these, with the intent of enhancing the 'emotional connections' with discerning mindsets, luxury brands have been exploring the digital space by engaging them in their activation programs. The objective is to generate a genuine affinity with the brand that transcends beyond the product, to an extent where, the consumers feel that they have found a soul mate. Some of the luxury brands have also utilized the social media. The objective may not necessarily be, as deep as, engaging the audience in their storytelling, but it has been done largely to generate the desire or the lust for the brand or the product. It is also an effective tool to keep-up the contemporary-appeal and the newness-factor by having a continuous dialogue.

PUBLIC FIGURES:

Public-figure or celebrities have been traditionally employed as one of the marketing mix in luxury brand advertising and they still continue to garner attention, credibility and impact. Public figures can span from film-stars to music personalities, from sports personalities to royal families and even the designer themselves. But because celebrity endorsements are no longer exclusive to luxury space and extensively used (and abused) across mass

categories, it takes a different meaning when it comes to luxury brand endorsement.

Not only does the public figure's associated values and personality have to resonate with that of the luxury brand's aura, but there's a distinct difference in the way celebrity role is crafted, executed and strategically utilized. Beyond traditional advertising (largely print in selected media), less in-your-face advertising tools are employed like accessorizing or dressing celebrities for their walk down the red carpet, product placements within movies and television programs, invites to special events. This strategy attempts to remove the appearance of "selling" while still promoting the product by making it seem as a part of the celebrity's lives, thereby positively affecting consumer's attitudes, brand value & purchase intention. Long-form-commercials / short-films have also utilized the celebrity-factor. Chanel for instance recently created 3-minute short film with actress Keira Knightley who replaced Kate Moss in its ads for its Coco Mademoiselle fragrance. Other previous faces of Chanel have included French star Catherine Deneuve and Nicole Kidman, who represented Chanel No. 5.

Similarly, as a part of their 'core values' campaign, Louis Vuitton used their website as the online medium to showcase their celebrity endorser's journey, their story to bring to life how the brand has been promoting the art of travel and inspiring legendary journeys.

PLACEMENT:

The retail branded environment in luxury branding is all about heightening the consumer's brand experience and amplifying the brand aura. Hence, the branded environment, the movement of truth, is where it must "live" the brand by orchestrating immaculate detailing that engages all senses of the discerning audience.

Starting from the choice of store location, the chain of touch-points consumer interacts, the salesperson's presentation and the impact of each touch-point is critical in creating a unique indulging experience. That said, today's evolving luxury consumers are increasingly seeking beyond the typical sophisticated, over-the-top, cosmetically elegant presentation or even the exclusive invites, privileged previews. With the increasing democratization of luxury brands and the rapid emergence of massive brands – the luxury consumers have become more discriminating and demanding. They are seeking a more knowledgeable and professional assistance, a trusted and reliable collaboration helping them to manage their stature and lifestyle. Not only has this led to the new business offerings like Quintessentially (more below), but also luxury brands are increasingly investing in training and empowering their sales staff. Another important point to note within the placement factor is that it is not limited to the physical environment where the brand retails, but it extends to all the environments or consumer touch- points that the brand associates itself with. This spans from the extremely selective niche media where it advertises to the sports, the events, art, conversations that it places itself with.

PR (PUBLIC RELATIONS):

PR in luxury branding plays an enormous role in image proliferation of the brand, thereby subtly influencing public opinion. It is also employed to convey other supporting messages and attributes of the brand which cannot be explicitly captured in advertising, but by no means are less important to create brand's personality, mystique and emotional values – whether it's via the pedigree factor or via public-figure any of the previous 7 P's mentioned.

It is also a sophisticated branding machine for maintaining ongoing relevance and dialogue with the luxury consumer, especially so in fashion, technology and seasonal trends driven categories. At a tactical level, PR is utilized to generate buzz & convey the brand news, point of views of inspirers and influencers (celebrity talk or the designer speak), a crucial support for brand activation (like the fashion weeks, sport-events, themed previews, etc.).

4.9 EMERGING CONCEPTS & PRACTICES IN MRKETING

a. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer Relationship Management (CRM) is about the corporate values and systems (IT and Non IT) which help an organization manage its relationships with its customers. CRM is supported by technology but technology alone will not result in long term fruitful relationships with your customers. A successful CRM strategy involves effectively targeting customers for your products and providing the products in a manner that customers want; technology alone will not do this. Click here to find out more about how to build long term relationships with customers.

CRM Using Databases

One aspect of CRM is the use of databases or detailed records about your customers. Ideally customer information should be more than a list of names and addresses as you will use it to help you manage your relationships with customers. The customer information held by each business will differ for example insurance companies will record when a customer's insurance should be renewed whilst a supermarket will record what each customer buys so that they can analyse shopping habits. Whilst other businesses will record date of birth so that they can target the relevant age group and carry out relationship building activities such as sending customers birthday greetings.

CRM Information Analysis through Software

After information about each customer has been collected, it needs to be collated and analysed. A sole trader may decide to do this manually by looking through customer records but for large companies with millions of customers this is impractical. Instead large businesses have IT software to collate and analyze customer information. Once collated, software will analyze the information and automatically carry out relationship management and marketing activities. For example, software will automatically send customer's renewal letters at the relevant time. Collated

customer information may also be used to run reports which help the business to write business plans and design corporate strategy.

CRM System Benefits
CRM systems can help an organization build customer relationships in a number of different ways:

- CRM databases can help the organization to segment their most profitable customers so that they know who to direct their marketing activities at.
- Help the organization to identify which products are likely to appeal to customers based on their purchase history/patterns.
- Help identify light and medium users of the business with the potential to grow into heavy users.
- CRM can help businesses personalize their customer service for each customer

There are many benefits to CRM but these will need to be balanced against the costs of collating, maintaining and analyzing CRM data. For large corporations who know how to yield profits through CRM, the benefits will outweigh the costs but small businesses may need to proceed with caution.

b. RELATIONSHIP MARKETING

Relationship marketing involves developing long term relationship with customers so that they provide you with ongoing business. An organization must exceed customer satisfaction expectations to retain and develop long term relationships with customers. Traditional transactional marketing used to focus on attracting customers for "one off sale" rather than repeat business. It takes a lot of work to persuade customers to make their first purchase with you, but if you can persuade customers to give you repeat business it will cost you less money and time. So it makes sense to keep existing customers happy!

Attracting and Retaining Customers

Relationship marketing involves the organization implementing strategy to attract and retain customers over the long term. Methods used to attract customers include lots of marketing campaigns promoting the firm, its products, its brands and its special (pricing) offers. Methods used to retain customers include good quality products, competitive prices, loyalty cards, a focus on customer satisfaction, excellent customer service and even individual account managers for larger or premium clients.

Customer Satisfaction Monitoring

Long term customer relationships require customer satisfaction even when things do not go to plan. So firms will continuously monitor how their customers are feeling about the service they have provided. For example, Travelodge email customers, a feedback form after they have spent the night in one of their hotels. Methods used to monitor customer satisfaction

include:

- Focus Groups
- Personal Interviews
- Questionnaires
- Mystery Shoppers
- Customer Complaints
- Employee Feedback
- Suggestion Boxes
- Online surveys and
- General customer comments.

After each monitoring session a firm will review the results and plan how they can rectify areas causing dissatisfaction. They will also look at how they can build on areas/things that are making customers happy.

Benefits of relationship marketing

Retaining customers for the long-term offers many benefits. The aim is for the company to obtain life time custom. Some of the benefits of relationship marketing include:

- Loyal customers will recommend your business to others, thus expanding your business for you.
- Loyal customers are willing to try some of your new products, because they trust you.
- Customers will be willing to pay more for your services/products if there are adjustments in pricing because they are loyal to you and trust your services/products.
- Loyal customers will tell you about problems with your products/services enabling to improve your products/services.
- The ultimate benefit will be an increase sale, market share and dominance.

c. INTERNAL MARKETING

Internal marketing is all about the relationship an employer forms with its employees. It is said that staff should be seen as internal customers and their needs should be met, as well as external customers. But why care about internal customers? This is quite simple to answer. Motivated staff will work harder and give your external customers a better service. This will help improve the firm's reputation, sales and market share over the long term.

Communication

Part of internal marketing is all about communication and making sure the staff share the overall vision and goals of the firm, systems like the intranet

and staff newsletters aid in sharing these common values.

Empower and Train Employees

Empowerment and giving staff responsibility is an important part of the internal marketing role. Staffs that are given responsibility usually perform better for the firm as they try their best to help the firm reach their goals. If staff need to be trained to take on responsibility, then the firm should be able to offer this to show that they are interested in their skills development.

Motivate Employees

Understanding staff and what motivates them is also very important. Many motivation theories such as Maslow and Herzberg have tried to pinpoint how staff can reach their full potential

Reward and Recognize Employee Achievement

Rewards and recognition by the firm is also very important, staff that are praised feel a sense of satisfaction that encourages them to work harder. Culture is also an important part of the internal marketing process. Staff across departments and levels should share the same values, these values could simply be about putting the customer first and responding to customer needs as fast as possible.

d. ETHICAL MARKETING

Ethical marketing is about making marketing decisions that are morally right. The morality of the marketing decision can encompass any part of marketing including sourcing of raw materials, staff employment and product advertising and pricing. Each person's view of morality is different; it is based on personal values and experiences. This creates a challenge for companies who want to pursue ethical marketing in a manner that will appeal to customers.

Examples of marketing decisions that involve ethics

Does the firm exaggerate the benefits of its products on its packaging? Are claims overstated? Many firms make bold claims to help sell their products. Are such claims morally wrong or merely "advertising puff"?

Is it morally wrong to adopt high pressurized selling techniques or focus on customer groups that are vulnerable e.g. pensioners? Vulnerable customer groups have needs? Can you get customers to buy without pressurized selling?

Firms need to make profits, a reduction in production costs increases profit margins. Is it morally wrong to negotiate tough contracts with suppliers to reduce production costs when it will reduce the supplier's profit margin?

Why do businesses want to adopt ethical marketing?

Some businesses are set up because the founders feel strongly about an issue and they would like to deal with issue through the business. Whilst other businesses pursue ethical marketing because they feel that is what customers expect from them. Some consumers buying products and services because they feel that the products, services (or organizations responsible for them) are ethical. In response to this consumer demand organization have increased their focus on ethical marketing. The UK Co-operative bank is good example of an organization that tries to follow an ethical principal, based on what their customers feel strongly about.

How do companies begin the ethical marketing process?

After a company has decided to implement ethical marketing it will need to make the following decisions:

- Define what is ethical.
- Decide which branch of ethics it will subscribe to.
- How will the ethical approach to marketing be implemented?
- In which areas of the firm's operations will ethical marketing be implemented e.g. employees, suppliers, consumers/clients, production techniques, distribution or the whole value chain.
- Complete an analysis of how much ethical marketing will cost and compare this against the likely benefits of ethical marketing. This will help them decide whether they would like to pursue ethical marketing.

Challenges of Ethical Marketing

Ethical marketing requires marketing strategies that are ethical and reflect consumer and market expectations. It is not easy to define the term ethical or identify which ethical decisions cater to market expectations. An individual's view of ethics and morality is influenced by a variety of things including their culture, background, experience, upbringing/family, peers, community, religion and country. Balancing ethics and remaining competitive can be difficult. If ethical marketing involves considering the needs and welfare of suppliers, employees and customers it could add to business costs. For example, Fair trade products provide producers with a minimum price. When business costs increase profit margins reduce or the costs are passed onto customers through price increases. However, if firms can adopt ethical marketing which reflect market expectations, it may make them more appealing to customers and therefore create a competitive edge.

4.10 CASES IN MARKETING

Singapore Airlines

Being first has always been the strategic marketing mantra of Singapore Airlines (SIA). Today it is recognized as one of the world's leading

international airlines having started from its humble beginnings in 1972. But being small was not an obstacle since it relied on the soft-ware of airline marketing – its service differentiation. This all began with a positioning statement which read as follows: "To present Singapore Airlines as a competent, modern, international airline of Asian origin, offering the best in-flight service in the world." The iconic Singapore Girl helped SIA to establish itself as a symbol of excellence in customer service, both in the air and on the ground, and over the past 30 plus years, SIA has garnered numerous awards and accolades for being an outstanding airline. But being number one means things don't remain constant. SIA has to constantly jockey for market share from the likes of major Asian players such as Cathay Pacific and Thai International Airways, along with global players such as British Airways and Qantas.

Innovation is the key to differentiating an airline from its competitors. Apart from new aircraft acquisition, airlines like SIA are always on the cutting edge of introducing new products to enhance the flying experience, whether it is the latest technology in in-flight entertainment or the widest seats in first and business classes. In January 2004, the airline launched the world's longest nonstop commercial flight from Singapore to Los Angeles and New York. The momentum to be first has never stopped.

SIA's next move was to acquire the world's largest commercial jet – the Airbus A380. After a two-year delay, SIA was finally able to take delivery of the aircraft and be the first airline to fly the A380. The A380's maiden flight took place on October 26th 2007 to Sydney, Australia. The challenge for SIA will now be to sustain its leadership position in the highly competitive passenger air travel market now that several of its main rivals have already ordered the Airbus A380. (Emirates Airlines from the Middle East has already placed firm orders for 58 airplanes of this model). The fight for passenger share in the intensively-fought battle in the sky will become more pronounced in the next two years.

1. Briefly discuss the approaches that SIA has used to stay competitive in the global airline industry.
2. Discuss how service differentiation enables an airline such as SIA stay ahead in the fight for market share.
3. Does being first always translate into a successful marketing strategy? Give examples of companies that have tried to be first through product and service innovations and yet not achieved comparable success as market leaders.

Asia Haier Group

From its humble beginnings more than 18 years ago, Haier's sales rose by 11,600 times while its product offering grew from a single refrigerator model to nearly 70 products in almost 11,000 designs. More significantly, its brand value rose by some eight times between 1995 and 2000. Haier is now China's leading maker of washing machines and ranks second in refrigerator sales worldwide.

The Haier Group is stepping up its efforts to build a global brand on the scale of Samsung or Sony. Haier already has a global manufacturing presence. Products such as washing machines and refrigerators are sold across the U.S. in chains such as Wal-Mart, as well as in Europe. Haier has also created some popular products, such as a mini-fridge sized to fit a six-pack of beer and a pizza box that has become a hit with college students.

Those popular products and an international distribution network have helped Haier become a top contender in the race among Chinese companies to build global brands.

One example of a successful foray into global markets was its approach to getting into the Indian market. Shortly after India began dropping its import barriers in the late 1990s, low-priced Chinese toys, batteries, and other consumer goods flooded the market at a steep discount from local offerings. However, stories began to circulate of defective Chinese products, such as batteries losing their charge after a single use. Companies such as TCL tried to sell their products cheaply as well, reinforcing the reputation that Chinese brands are sub-standard. Many Indian consumers believed that China was a technologically backward country. Haier was determined not to repeat these early mistakes of its predecessors. Rather than stressing affordability, Haier positioned its TV sets, refrigerators, and air-conditioners as premium quality with prices on par or in some cases higher than those of its competitors. This approach has been used successfully in India by LG and Samsung.

While it doesn't have the strongest brand name, the company has continued to expand its product range. In addition to household appliances, it produces high-end products such as flat-screen TVs, computers and mobile phones. Now that its product range is starting to look more like Samsung's showroom, Haier wants to re-create its Korean rival's successful image transformation from cheap Sony knockoff to high-tech powerhouse.

1. What are the challenges faced by Asian brands when venturing into global markets?

2. How can Haier learn from the success of a number of Asian brands such as LG and Samsung in ensuring that it meets with similar success in global markets? Discuss this topic from the point of view of each of the elements of the marketing mix.
3. Can Haier develop global products that suit all markets? What are some of the limitations faced in using a standardized product or promotions strategy?

4.11 SUMMARY

The Internet is a worldwide means of exchanging information and communicating through a series of interconnected computers. Started as a

U.S Defense Department project, the Internet, or information superhighway is now accessible to anyone with a computer and a modem. While the Internet offers a variety of services to users, the most powerful and popular is the World Wide Web (WWW), commonly referred to as the Web. In fact, many use the terms Internet and World Wide Web synonymously. For marketers, a number of Internet features offer potential, but it is the Web that has developed as the commercial component.

Green Marketing or Environmental Marketing or Ecological Marketing consists of all. Activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. That is where green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants. There are several reasons for the popularity of green marketing such as better market opportunities, social responsibility, government pressure, competitive pressure, cost or profit issues, etc. Social marketing is the application of marketing technologies developed in the commercials sector to the solution of social problems where the bottom line is behavior change. It involves the analysis, planning, execution and evaluation of programmes designed to influence the voluntary behaviour of target audiences to improve their personal welfare and that of society. Along with the traditional 4 Ps of marketing (i.e., Product, Price, Promotion and Physical distribution), marketing mix for social marketing comprises of additional 3 Ps viz., Publics, Partnership and Policy. In India, 70% of population lives in rural areas. There is a huge rural market in India, which is distinctively different from urban markets. For marketing of goods and services to rural markets, differential marketing efforts are required. Most of the FMCGs and large number of consumer durable companies realized the potential demand in rural markets, and designing specific marketing efforts to tap the rural demand.

Relationship marketing builds strong economic, technical and social ties among the stakeholders. It cuts down on transaction costs and time. In most successful cases, transactions move from being negotiated each time to being a matter of routine. The ultimate outcome of relationship marketing is the building of a unique company asset called a *marketing network*, which consists of the company and its supporting stakeholders (customers, employees, suppliers, distributors, retailers, ad agencies, and others) with whom it has built mutually profitable business relationships. Increasing the competition is not between companies but between marketing networks. The cardinal principle is simple: Build an effective network of relationships with key stakeholders, and profits will follow.

4.12 KEY WORDS

- **Guerrilla Marketing:** Guerrilla Marketing is an advertising strategy that focuses on low- cost unconventional marketing tactics that yield maximum results.
- **Green Marketing:** This is also referred to as Environmental Marketing or Ecological Marketing. Green Marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants, such that the satisfaction of those needs and wants occur with minimal detrimental impact on the natural environment.
- **Relationship Marketing:** The process of creating, maintaining and enhancing strong value laden relationships with customers and other stakeholders.
- **Services:** Intangible and separately identifiable activities which provide satisfaction, and which are not necessarily tied to the sale of a product or another service.
- **Social Marketing:** Designing, implementing and controlling of programmes seeking to increase the acceptability of a social idea, cause or practice among a target group.

4.13 SELF-ASSESSMENT TEST

1. What do you mean by Green Marketing?
2. What are the challenges faced by marketers in rural marketing in India?
3. Explain the concept of relationship marketing. Explain the main elements of relationship marketing.
4. How marketing on Internet is different? State the advantages and limitations of marketing on Internet.
5. Explain Green marketing? Explain various problems associated with green marketing?

**Uttar Pradesh Rajarshi Tandon
Open University**

MBA-3.41
Advertising and
Brand Management

BLOCK II

MARKETING COMMUNICATIONS

AND ADVERTISING

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BLOCK II : MARKETING COMMUNICATIONS AND ADVERTISING

In block 2 you will learn in depth about the marketing communication programme. The block also lets the learners know about advertising – planning and research. Their concepts, importance, merits and demerits will help the students to learn better. You will also get an insight into advertising concept – development and selection of concepts, importance, factors relating with copy strategy, selection of the advertising message, building an advertising copy, merits and demerits, etc.

Unit 5 deals with marketing communication programme: concept, importance, utility, merits and demerits

Unit 6 discusses about advertising planning: objectives and budget, concept, importance, utility, merits and demerits

Unit 7 provides an insight into advertising research: advertising research as a supporting tool concept importance, utility, merits and demerits

Unit 8 gives you a thorough knowledge about advertising concept: development of concept, selection of the concept, importance, utility, selection of the advertising message, building an advertising copy, factors related with copy strategy, merits and demerits

UNIT 5 : MARKETING COMMUNICATION PROGRAMME

Unit Structure

5.0 Objectives

5.1 Introduction

5.2 Concept of marketing communication programme

5.3 Marketing communication objectives

5.4 Importance of marketing communication programme

5.5 Process of marketing communication

5.6 Integrated marketing communication

5.7 Merits of marketing strategy

5.8 Demerits of marketing strategy

5.9 Summary

5.10 Test Your Progress

5.11 Suggested Readings

5.0 Objectives

After completing this unit you will be able to:

> ➢ Learn in depth about marketing communication programme (MCP)
> ➢ Understand the concepts about MCP
> ➢ Know about the importance of MCP
> ➢ Learn about the various steps to MCP
> ➢ Have an in depth knowledge about the integrated marketing communication
> ➢ Get to know about the merits and demerits of marketing strategy

5.1 Introduction

Marketing communications are those techniques that the company or a business individual uses to convey promotional messages about their products and services. Experts of marketing communication design different types of persuasive communication and send it to the target audience.

5.1.1 Marketing Communication Tools

There are different tools used to attract the target audience. However, which tool to use depends on various factors such as geographical location of your target audience, popularity of your products, etc. Following are the important tools popularly used for marketing communications −

- Pamphlets
- Brochures
- Emails
- Advertisements
- Websites
- Sales Promotions and Campaign
- Exhibitions
- Personal Selling
- Press Release

5.2 Concept Of Marketing Communication Programme

Marketing communication or Marcom are ways by which companies educate, inform, urge, and apprise consumers-directly or indirectly-about their products, solutions, and brands.

Fig. 5.1 Concept of Marketing

Marcom represents the voice of a company and its brands that enable it to have a dialogue, and build relationships with consumers.

It helps companies to connect their brands with people, places, experiences, events, and emotions. It can even enable companies to showcase how a product works, its use cases, why is it used, who benefits from using them, and its value to the target audience.

Marketing communications refer to the strategy used by a company or individual to reach their target market through various types of communication. Marketing communication includes advertising, direct marketing, branding, packaging, sales presentations, trade show appearances etc.

Regardless of the motivation for or objectives of the advertising campaign, marketers should be guided by the mnemonic acronym SMART. Independent of the specific goals, i.e. reach, impressions, brand awareness or other measures, SMART gives criteria to guide in the setting of objectives. The letters S and M usually mean specific and measurable. Possibly the most common version has the remaining letters referring to achievable, relevant and time-bound.

SMART was introduced in a paper by T. Doran called There's a S.M.A.R.T. way to write management's goals and objectives. Subsequent authors have adjusted their meaning slightly to:

- Specific, i.e. targeting a specific area for improvement.
- Measurable, i.e. quantifiable or at least suggest an indicator of progress.
- Achievable, i.e. realistically be achievable, given available resources.
- Relevant, i.e. applicable to the current objective and supportive of the broader strategy
- Time-bound, i.e. specific to a given period when the result(s) can/ should be achieved

Fig. 5.2 S.M.A.R.T in Marketing

It's important to apply these criteria to assessment of the campaign. Without them and clear understanding of the scope, it becomes too difficult to understand the impact of the marketing activity.

5.2.1 Marcom Vs. Marketing

The American Marketing Association defines marketing as *"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."*

However, Marcom refers to the individual elements within the entire gamut of marketing. It includes advertising, sales promotion, events, public relations, online, mobile, social media, direct, and personal selling. In simple terms, marketing includes Marcom.

Test Your Progress

1. What do you understand by marketing communication?

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2. Explain the S.M.A.R.T approach in marketing.

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5.3 Marketing Communication Objectives

Marketing communication objectives are long-term goals where marketing campaigns are intended to drive up the value of your brand over time. In contrast to sales promotions, which are short-term inducements to buy, communication goals succeed when you persuade customers through consistent reinforcement that your brand has benefits they want or need.

(i) To Increase Awareness:

Increased brand awareness is not only one of the most common marketing communication objectives; it is also typically the first for a new company. When you initially enter the market, you have to let people know your company and products or services exist.

This might include broadcast commercials or print ads that depict the image of your company and constant repetition of your brand name, slogans and jingles. The whole objective is to become known and memorable.

Established companies often use a closely related goal of building or maintaining top- of-mind awareness, which means customers think of you first when considering your product category.

(ii) To Change Attitudes:

Changing company or brand perceptions is another common communication objective. Sometimes, misconceptions develop in the market about your company, products or services.

Advertising is a way to address them directly. In other cases, negative publicity results because your company is involved in a business scandal or unsettling activities.

BP invested millions of rupees in advertising to explain the company's clean up efforts to the public following its infamous Gulf of Mexico oil in mid-2010. Local businesses normally don't have that kind of budget but local radio or print ads can do the trick.

(iii) To Influence Purchase Intent:

A key communication objective is to motivate customers to buy. This is normally done through persuasive advertising, which involves emphasis of your superior benefits to the user, usually relative to competitors. It is critical to strike a chord with the underlying need or want that triggers a customer to act.

Sports drink commercials showing athletes competing, getting hot and sweaty and then taking a drink afterward are a common approach to drive purchase

intent. The ads normally include benefits of the drink related to taste or nutrients.

(iv) To stimulate Trial Purchase:

Two separate but closely related communication objectives are to stimulate trial use and drive repeat purchases. Free trials or product samples are common techniques to persuade customers to try your product for the first time. The goal is to take away the risk and get the customer to experience your brand.

Once you get them on the first purchase, you have to figure out how to convert that into a follow-up purchase. Discounts on the next purchase or frequency programs are ways to turn one-time users into repeat buyers and, ultimately, loyal customers.

(v) To Drive Brand Switching:

Another objective closely tied to stimulating trial use is driving brand switching. This is a specific objective of getting customers who buy competing products to switch to your brand. Tide detergent is normally pitted against "other leading brands" in comparative ads intended to motivate brand switching.

The advantage with this goal is that customers already buy within your product category. This means need is established. You just need to persuade them that your product or service is superior and induce them to try it out.

- Create awareness
- Establish product superiority
- Indicate where to buy
- Reinforce purchase decision
- Suggest follow-ons

Fig. 5.3 Marketing Communication Programmes

5.3.1 Difference Between Marketing Objectives and Communication Objectives

The difference between marketing objectives and communication objectives are:

Marketing Objectives:

The primary goal is increased sales of products and/or services. Promotional spending is an investment of a firm's resources that requires economic justification (ROI). The campaign should produce quantifiable results, such as

increasing sales volume by a certain percentage or dollar amount, or increasing the brand's market share.

Communications Objectives:

The overall goal is increasing brand knowledge, increasing interest, creating favorable attitudes toward the product or company, and creating a favorable company image.

An immediate response is not expected; favorable predispositions toward the brand must be created before purchase behaviour will occur.
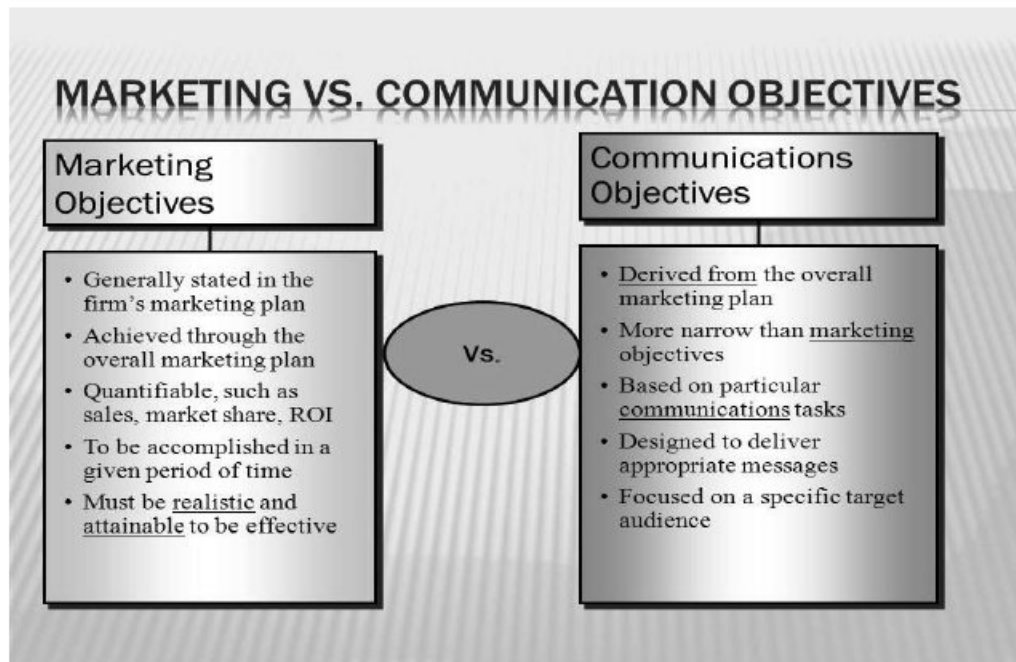
Fig. 5.4 Marketing Vs. Communication Objectives

5.4 Importance Of Marketing Communication Programme

The sole purpose of marketing communications is to increase the volume of sales by persuasive, informative, and positive messages. Marketing communication provides new facts through encouraging messages about products/services.

Those who practice advertising, branding, direct marketing, marketing, packaging, promotion, publicity, sponsorship, public relations, sales, sales promotion and online marketing are termed marketing communicators.

Marketing Communications 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: price, place, promotion, and product. The primary goal of marketing communication is to reach a defined audience to affect its behaviour by informing, persuading, and reminding. Marketing

communication acquires new customers for brands by building awareness and encouraging trial.
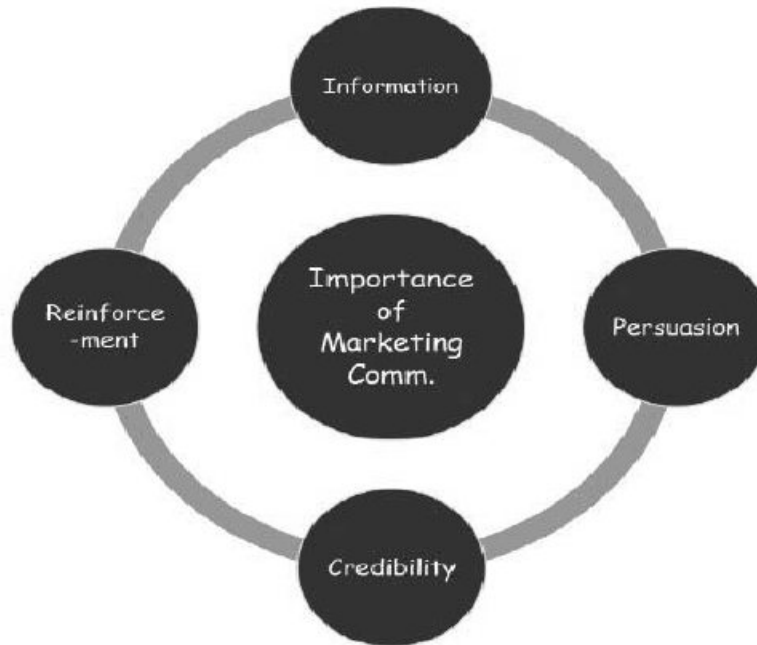
Fig. 5.5 Importance of Marketing Communication

Marketing communication also maintains a brand's current customer base by reinforcing their purchase behaviour by providing additional information about the brand's benefits. A secondary goal of marketing communication is building and reinforcing relationships with customers, prospects, retailers, and other important stakeholders.

Successful marketing communication relies on a combination of options called the promotional mix. These options include advertising, sales promotion, public relations, direct marketing, and personal selling. The Internet has also become a powerful tool for reaching certain important audiences.

Marketing communications is meant to inform and persuade target audience and reinforce market credibility.

Test Your Progress

1. Briefly explain any three objectives of marketing communication.

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2. What is the importance of marketing communication?

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5.5 Process Of Marketing Communication

Communication simply means passing the information from the sender to the receiver. But in practice, this is a complex process that involves many other factors. However, Kotler has given one of the most effective models to define the marketing communication process (see the following diagram) –
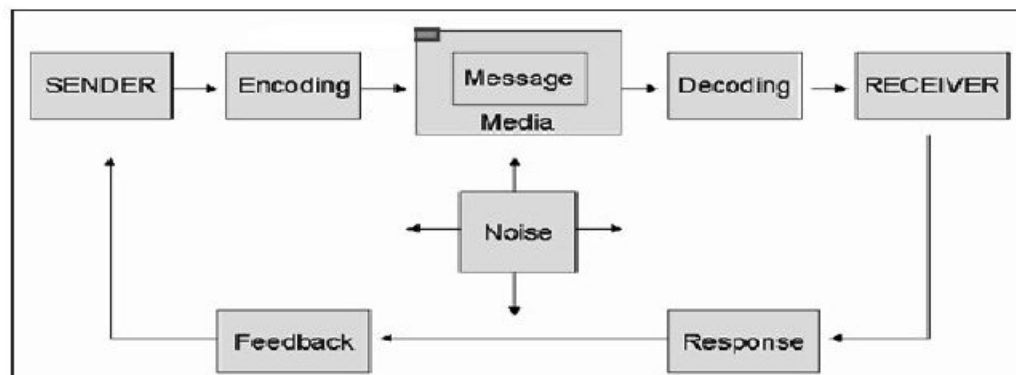
Fig. 5.6 Marketing Communication Process

The diagram explains various components –

First two components are 'sender' and 'receiver'.

Second two components are 'message' and 'media.'

The other features of this model are 'encoding', 'decoding', 'response' and 'feedback.'

And, the last feature is 'noise.' Noise is random and other competing messages that more often interfere with the communication.

This model emphasizes on the major key factors that play an important role in effective communication. It is imperative to know the market response and your target audience before you send any message.

5.5.1 The Marcom Process :

Marcom involves transmitting, receiving, and processing information. It has two parties (sender and receiver), four functions (encoding, decoding, response, and feedback), and two communication tools (message and media). Anything that distorts the intended message is called noise.

Marketers need to be closely aware of each aspect of the communications process to ensure that the target audience receives a consistent message.

Having a tightly integrated Marcom process helps the message cuts through noise and clutter to increase in market share, sales, and brand loyalty. An effective program integrates all marketing activities.
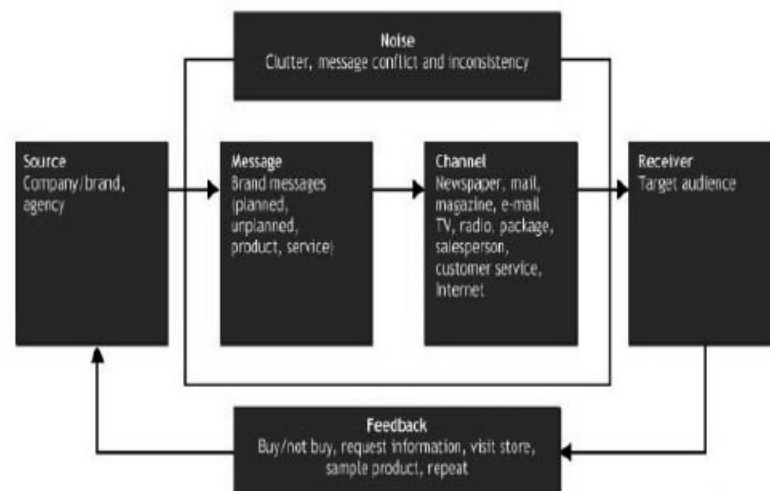
Fig. 5.7 Communication Model

Steps in Marcom :

The steps involved in Marcom are:

1. Identify the target audience

2. Set communication objectives

3. Design the communications

4. Select communication channels

5. Establish the communication budget

Let us explain each step in Marcom below:

1. Identify the target audience :

The target audience includes the potential buyers of a company's products, present users, influencers, groups, or the general public. The composition of the target audience determines the message, mode, place, and form of communication.

2. Set Marcom objectives :

What do companies expect to achieve from the Marcom process? Potential Marcom objectives include:

a. Increased awareness — Making the target audience aware of the existence of the brand or product.

b. Build brand loyalty — Enabling the target audience to recognize or recall the brand so that they make a purchase.

c. Understand the product — Helping the target audience understand what the product is and how it solves a customer need.

d. Conviction — Developing the perception of the product in the minds of the target audience.

3. Design communications :

Designing Marcom requires answering three key questions :

a. What to communicate? According to John C Maloney, Research & Development manager at Leo Burnett Company, consumers expect four different types of <u>reward</u> from using a product — rational, sensory, social, or ego satisfaction. So, the message should include the quality, economy, value of the product, or brand that meets their expectations.

b. How to communicate? The core message should get translated into specific communication using a creative strategy. For example, the Snickers Super Bowl commercial that ran the tagline *'You're not you when you're hungry'* made it the world's leading sweet snack by showing how a person can be transformed by eating a Snickers candy bar.

c. Who should communicate? Some companies prefer celebrities to convey the message, while some prefer ordinary people for a dash of realism and overcome consumer skepticism.

4. Select communication channels :

Selecting the right Marcom channel can be either personal or non-personal.

Personal influence helps when the products are expensive or risky (such as stock recommendations). People often ask for recommendations for a good hotel, lawyer, doctor, accountant, a financial consultant to their friends. It is because they have confidence in the advice. Even a celebrity endorsing a brand can be a form of personal Marcom channel. A positive word of mouth can generate organic growth. Personal Marcom channels include online marketing, social media, personalized microsites, email marketing, etc.

Non-personal Marcom channels such as advertising, sales promotions, events, public relations are mass communication tools to spread the word around. Companies sponsor events, and charity shows to appeal to a wide variety of target audience.

Integration of personal and non-personal Marcom channels helps in maximizing the message. Opinion leaders and influencers first receive the message through non-personal channels, who then relay it to communities and groups in the target audience. Integrated marketing communication helps build momentum for a product and inform consumers and population groups that are not touched by mass media.

5. Establish Marcom budget :

The budget for Marcom varies across companies. A B2C company such as Snickers may have 35% of its sales for Marcom, while a heavy industries company may allocate only 5% of its sales. There are four approaches to establishing the Marcom budget:

a. Affordable method — Setting the budget that a company can afford.

b. Percentage of sales method — Setting budgets based on a percentage of sales.

c. Competitive parity method — This depends on how much a competitor is spending for their Marcom and base the budgets on it.

d. Objective and task method — It includes setting the objectives, identifying the task involved, and evaluating the costs for it.

5.6 Integrated Marketing Communication

Integrated marketing rejects the silo mentality and breaks down barriers between departments to embrace holistic marketing. According to Belch (2013), integrated marketing is seen as "an approach to creating a unified and seamless experience for consumers to interact with the brand/enterprise; it attempts to meld all aspects of marketing communication such as advertising, sales promotion, public relations, direct marketing, and social media, through

their respective mix of tactics, methods, channels, media, and activities, so that all work together as a unified force."

Fig. 5.8 Integrated Marketing Communications

Treating marketing departments as separate entities limits communication and reduces operational efficiency. An integrated approach to marketing communications ensures that all channels are aligned and following the same strategy, overarching business objectives and company values.

Integrated marketing communications is the method by which a company ensures different promotional methods within a marketing campaign are clear, consistent and working toward the same goals.

An integrated approach would use a variety of communication tools to convey the same branded message, including traditional advertising, online marketing, public relations activities, sales campaigns, and email marketing.

5.6.1 Golden Rules of Marketing Communications

Despite the many benefits of Integrated Marketing Communications (or IMC); there are also many barriers. Here's how you can ensure you become integrated and stay integrated – 10 Golden Rules of Integration.

(1) Get Senior Management Support for the initiative by ensuring they understand the benefits of IMC.

(2) Integrate at Different Levels of management – Put 'integration' on the agenda for various types of management meetings whether annual reviews or creative sessions. Horizontally ensure that all managers, not just marketing

managers understand the importance of a consistent message whether on delivery trucks or product quality.

Also ensure that Advertising, PR, Sales Promotions staff are integrating their messages. To do this you must have carefully planned internal communications, that is, good internal marketing.

(3) Ensure the Design Manual or even a Brand Book is used to maintain common visual standards for the use of logos, typefaces, colours and so on.

(4) Focus on a clear marketing communications strategy – Have crystal clear communications objectives; clear positioning statements. Link core values into every communication. Ensure all communications add value to (instead of dilute) the brand or organization. Exploit areas of sustainable competitive advantage.

(5) Start with a Zero Budget – Start from scratch. Build a new communications plan. Specify what you need to do in order to achieve your objectives. In reality, the budget you get is often less than you ideally need, so you may have to priorities communications activities accordingly.

(6) Think Customers First – Wrap communications around the customer's buying process. Identify the stages they go through before, during and after a purchase. Select communication tools which are right for each stage. Develop a sequence of communications activities which help the customer to move easily through each stage.

(7) Build Relationships and Brand Values – All communications should help to develop stronger and stronger relationships with customers. Ask how each communication tool helps to do this. Remember: customer retention is as important as customer acquisition.

(8) Develop a Good Marketing Information System which defines who needs what information when. A customer database for example, can help the telesales, direct marketing and sales force. IMC can help to define, collect and share vital information.

(9) Share Artwork and Other Media – Consider how, say, advertising imagery can be used in mail shots, exhibition stands, Christmas cards, news releases and web sites.

(10) Be prepared to change it all – Learn from experience. Constantly search for the optimum communications mix. Test Improve each year. 'Kaizen'.

5.6.2 Components of Integrated Marketing Communication :

Components of integrated marketing communication are :

1. The Foundation:

Corporate image and brand management; buyer behaviour; promotions opportunity analysis.

2. Advertising Tools:

Advertising management, advertising design: theoretical frameworks and types of appeals; advertising design: message strategies and executioner frameworks; advertising media selection. Advertising also reinforces brand and firm image.

3. Promotional Tools:

Trade promotions; consumer promotions; personal selling, database marketing, and customer relations management; public relations and sponsorship programs.

4. Integration Tools:

Internet Marketing; IMC for small business and entrepreneurial ventures; evaluating and integrated marketing program.

5. Personal Selling:

Personal selling includes face to face interaction with the end-users with the motive of promoting the product and convincing the buyer to purchase the product.

6. Direct Marketing:

It is the oldest form of communication where organizations directly communicate with end-users through emails, telephone, fax, text messages, catalog, brochure, and promotional letter.

7. Mobile Marketing:

Mobile marketing involves communicating with customers through mobile by sending them a text message. It is the cheapest traditional means of promotion.

8. Social Media Marketing:

It is one of the most powerful media where the promotion of the brand or business can be done through the social media channel. It is one of the low-cost promotional methods where a large number of users are targeted at once.

9. Public Relations:

It is the practice of managing the relationship between an organization and the public.

It is a two-way communication where the public shares their feedback to the organization.

10. Sales Promotion:

Sales promotion is the short term incentives given to consumers to accelerate the sale.

It gives them a reason to buy the product by providing attractive offers like discount coupons, contests, premiums, samples, sweepstakes, price packs, low-cost financing deals, and rebates.

11. Sponsorships:

It is a mixture of sales promotion and public relations. Sponsorships create brand loyalty and help in differentiating the product with competitors.

Fig. 5.9 IMC Communication Tools

5.6.3 Process of IMC :

The steps of IMC are :

1. Identify your customers from behavioural data :

Let's start with this assumption: For education institutions, the customer is the student.

a. Behavioural data: Tells us what customers do, how they act, and their history in relation to our offering.

b. Demographic data: Tells us a customer's age, location, gender, income, and so on.

IMC is based on *what people do*. The key takeaway is that behavioural data is going to yield better results over demographic data, every single time. Aggregate your customers according to their behaviours first. After that, enhance it with other types of segmentation.

2. Determine the financial value of your customers and prospects :

Marketing is traditionally considered an organizational expense. However, an IMC mindset requires us to look at marketing as an investment, a strategic tool that influences incoming dollars.

To know what we can spend to attract new students, we must know the financial value of our current students and prospects. This value becomes the basis for marketing investment because customers drive revenue. Use this value to set goals and determine what marketing actions to take.

3. Create and deliver messages and incentives :

We can now set marketing goals that tie back to our institution's financial goals, and then create and deliver meaningful marketing communications to prospects and customers.

Tie marketing objectives to financial outcomes using these two components:

a. Delivery: Where do customers come into contact with your brand? Where do they want to come into contact with your brand?

b. Content: What customer insights can you use to connect what your brand wants to deliver with what your customer wants to acquire?

While a traditional marketing approach would require you to determine your creative content first and then select the channel, IMC flips this process around by asking first for an understanding of where your customers are. With that knowledge, you can meet them there with content and messaging that is grounded in customer insights.

4. Estimate the return on customer investment (ROCI) :

Step four focuses on determining ROCI as a result of your marketing and communications. This is the goal of IMC.

Wouldn't you rather invest in marketing efforts that will yield the most loyal and profitable customers? Prove to senior leaders that you can turn a $100 investment into $1,000 in customer revenue and you'll never need to fight for budget again.

How? Use:

a. Analytics: descriptive, predictive

b. Attribution: first, last, and multitouch

c. Optimization: A/B tests, control groups

5. Budget, allocate, evaluate, and recycle :

A true IMC approach requires that you budget at the end, which is the opposite of how most college and university budgeting processes unfold.

Think like an investor and know important financial numbers: customer acquisition cost, retention rate, and the difference between your short-term and long-term returns.

Understand the three C's:

a. Contribution: dollars generated over time

b. Commitment: how many dollars you get vs. the competition

c. Champions: support, involvement, and advocacy of your brand

Fig. 5.10 Process of IMC

5.6.4 Difference Between Marketing and IMC

Marketing and IMC are two terms that are used frequently when developing the marketing strategy of a company. Marketing is a process carried out by companies to sell products and services and to make sure that the customers are satisfied with the products and services. IMC is the acronym for "Integrated Marketing Communications", which is an integration of all the marketing tools, methods and approaches used by companies to ensure that a coherent message is presented to the customers that has the greatest influence on the minds of the customers.

Some main points of difference between marketing and integrated marketing communication (IMC) are given below:

MARKETING	VS	INTEGRATED MARKETING COMMUNICATION (IMC)
Meaning		
Different activities carried out identify a target market and promote a product		Integration of all communication tools used by a company
Scope		
Wide scope, including all the 4Ps of marketing		Focuses on only the promotional aspect of marketing
Objective		
Create brand awareness and increase sales		Coordinate the different promotional tools used by a company to offer a coherent message

Table 5.1 Marketing Vs. IMC

Test Your Progress

1. Explain the process of marketing communication.

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2. What are the steps involved in the process of Marcom?

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3. Explain Integrated marketing communication.

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4. Explain:

a. Integration tools:

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b. Sponsorships:

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c. Foundation:

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5.7 Merits Of Marketing Strategy

Some merits of IMC are :

1. Promotes Your Business to a Target Audience :

You can't sell your products or services without appealing to the people most likely to buy those products and services. That group is known as your target audience, and a marketing strategy is the most effective way to reach that all-important group. If you have targeted this group correctly, you know their habits, behaviours, wants, and needs, and you also know where they like to hang out on social media. This information shapes the methods you will use to promote your business. For example, if you own a comic book store, online marketing can be more beneficial than traditional advertising to help you reach your audience on social media platforms.

2. Helps You Understand Your Customers :

You have to do market research before you develop a marketing strategy, and that research can provide you with reams of data that you can use over and over to help refine your product development and to keep up with trends and shifts in your target audience's behaviour. With the evolution of digital information, even small businesses have access to hyper-detailed information about prospective customers. This is known in the digital world as "big data," large data sets that give you a deep analysis into customer behaviour based on factors such as online activity, buying activity, mobile activity, and interactions at stores and shops.

3. Helps Brand Your Business :

Your marketing strategy isn't just about boosting leads and converting them into buyers, it's also about expressing the culture, values, and purpose of your business. The process of communicating that vision to your audience is the essence of branding. For example, Apple's marketing strategy is all about simplicity, elegance, design, and function. Their products are sleek, simple, beautiful, and offer multiple functionalities. When people think of Apple,

they think of a company whose products are always on the cutting-edge of technology, design, and physical attractiveness.

Fig. 5.11 Merits Of Marketing Communication

Other business advantages of a marketing strategy are :

- Identifies needs and wants of consumers
- Determines demand for a product
- Aids in the design of products that fulfil consumers needs
- Outlines measures for generating the cash for daily operations, to repay debts and to turn a profit
- Identifies competitors and analyzes your product's or firm's competitive advantage
- Identifies new product areas
- Identifies new and/or potential customers
- Allows for testing to see if strategies are generating the desired results

5.8 Demerits Of Marketing Strategy

Some demerits of a marketing strategy are :

1. Costs of Marketing :

Although the digital revolution has somewhat evened the playing field, the truth is that small business is still at a disadvantage, when it comes to grabbing their share of eyeballs through their marketing efforts. Big data has great value, but accessing that data is expensive, and you have to keep analyzing that data to stay abreast of buyer trends. Launching a marketing campaign on your website can also be expensive, especially if you're using a pay-per-click strategy to attract more prospects. Television and radio advertising spots are also costly, and even local advertising space is at a premium, because there is so much competition for the local audience.

2. Time and Effort May Not Yield a Return :

Big brands can afford to spend time and effort working on a marketing campaign that fails, because they have the resources to regroup and move on. As a small business owner, however, the return on investment on a marketing campaign may be low, and that means you have spent months crafting a strategy that did nothing to help your bottom line. Even the most well-planned marketing campaigns fail, and at the small business level, that can set you back for months.

Fig. 5.12 Demerits of Marketing Communication

Other business disadvantages of a marketing strategy are :

- Identifies weaknesses in your business skills
- Can lead to faulty marketing decisions if data isn't analyzed properly
- Creates unrealistic financial projections if information isn't interpreted correctly
- Identifies weaknesses in your overall business plan

Test Your Progress

1. State any three merits of marketing communication.

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2. Explain any three demerits of marketing communication.

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5.9 Summary

Marketing communication involves sharing of meaning, information and concepts by the source and the receiver about the products and services and also about the firm selling through the devices of promotion via, advertising, publicity, salesmanship and sales promotion.

In marketing the source is the marketer who desires to promote the product. Marketer delivers a message to a receiver, who is the target market segment. Message is received and integrated by consumers and if their predisposition becomes favorable, they decide to purchase. Feedback is the reverse flow of communication to the marketer.

A business may have developed terrific products and put together a supremely talented management team, but ultimately success hinges on persuading significant numbers of customers to select that company's products or services rather than buying from someone else. Growing a business comes down to the ability to sell. Innovative strategies, a comprehensive understanding of consumer behaviour and aggressive communication of the company's message combine to bring about sales success.

Marcom can build brand equity for a company by creating a perception in the minds of customers, drive revenues, and impact shareholder value.

Marketers need to think about every touchpoint for a customer and how a brand positions itself, the importance of the marketing mix, and its timing. Having a coherent Marcom strategy can help build brand equity and create higher sales impact.

Process of marketing communication involves:

1. Sender

2. Encoding

3. Message/Media

4. Decoding

5. Receiver

6. Response

7. Feedback

The steps involved in Marcom are:

1. Identify the target audience.

2. Set communication objectives.

3. Design the communications.

4. Select communication channels.

5. Establish the communication budget.

Integrated marketing communications (IMC) is a process through which organizations accelerate returns by taking a customer-centric approach to aligning their marketing and communication objectives with their business or institutional goals.

It's always good to review what goes into a marketing plan. Write down what you can remember on a blank sheet and then compare it to this quick fact sheet. The marketing plan offers numerous advantages; however, as you can see, there can be drawbacks. Keep in mind that the advantages outweigh the drawbacks and you can always seek professional assistance when you are developing the marketing section of your business plan. It may be worth the investment.

5.10 Test Your Progress

1. What is marketing communications?

2. Why is marketing communications important?

3. What are the various marketing communication tools?

4. What are the objectives to marketing communication??

5. Define marketing communications process.

6. Explain the importance of marketing communication.

7. Differentiate between Marcom and marketing.

8. Explain the steps involved in the process of Marcom.

9. What do you understand by integrated marketing communications?

10. Explain the process of IMC.

11. What are the communication tools in IMC?

12. Explain the merits and demerits of marketing communication.

13. Differentiate between:

a. Advertising Tools and Promotional Tools

b. Mobile Marketing and Social Media Marketing

c. Personal Selling and Direct Marketing

d. Public Relations and Sales Promotion

5.11 Suggested Readings

1. www.tutorialspoint.com

2. www.lumenlearning.com

3. www.businessmanagementideas.com

4. www.smallbusiness.chron.com

5. www.paperflite.medium.com

6. www.slideshare.net

7. www.online.sbu.edu

8. www.mstoner.com

9. www.ronankeane.com

10. www.thoughtco.com

11. www.ukessays.com

12. www.hitechnectar.com

UNIT 6 : ADVERTISING PLANNING

Unit Structure :

6.0 Objectives

6.1 Introduction

6.2 Concept of advertising planning

6.3 Importance of advertising planning

6.4 Process of advertising Planning

6.5 Objectives of advertising planning

6.6 Advertising Budget

6.7 Marketing Vs. Advertising

6.8 Merits of advertising planning

6.9 Demerits of advertising planning

6.10 Summary

6.11 Test Your Progress

6.12 Suggested Readings

6.0 Objectives

After completing this unit you will be able to :

➢ Learn in depth about advertising planning
➢ Know about the concept and importance of advertising planning
➢ Understand the objectives and budgetary planning of advertising
➢ Get to know merits and demerits of advertising planning

6.1 Introduction

Advertising is a marketing tactic involving paying for space to promote a product, service, or cause. The actual promotional messages are called advertisements, or ads for short. The goal of advertising is to reach people most

likely to be willing to pay for a company's products or services and entice them to buy.

Advertising is a business practice where a company pays to place its messaging or branding in a particular location. Businesses leverage advertising to promote their products and services for sale as well as establish corporate culture and branding. When employed properly and strategically, advertising can drive customer acquisition and boost sales.

Advertising establishes a one-way channel of communication, where companies can broadcast non-personal messaging to a general audience. Unlike other types of marketing or even public relations, companies have total control over advertising. When a company pays to place an ad, it has complete control over how the content involved is promoted.

Fig. 6.1 Advertising Planning

There are countless benefits to a successful advertising campaign. In common practice, businesses can leverage advertising to:

- Educate customers on the nature of products or services
- Convince customers that products or services are superior
- Improve customer perception of brand or culture
- Generate customer need or want for products or services
- Exhibit new applications for products or services
- Publicize new products or services to potential customers
- Attract new customers to purchase products or services
- Retain the existing customer base

6.2 Concept Of Advertising Planning

An advertising plan is a strategy about how a company is planning to communicate to its audience. In the plan you define your audience and the medium to reach out to them. Communication mediums may include newspaper ads, billboards, email, social media like Facebook, twitter, linked in, direct mail such as fliers or postcards.

Fig. 6.2 Concept Of Advertising Planning

An advertising plan is a document created with the goal of matching the most effective message to your audience.

Budget

Your budget will heavily dictate the type of advertising in which you invest. Be careful not to over-invest before you know the type of return you get on your advertising. Consider investing a small amount in a few different types of advertising to determine which ads bring in additional customers or business. Make certain that your advertising budget doesn't eat into your operating expenses; advertising can take time to build.

Audience

The type of advertising you choose should reflect the type of customers or clients you currently have. Ask your current clients what they read and what Web sites they visit. If your customers all read the local paper, for example, it makes sense to advertise there. If your customers haven't picked up a newspaper in years but all belong to Facebook, advertise on Facebook. If you cater to businesses, advertise in relevant trade publications.

Message

Decide what you want your ads to do. You can drive customers to your physical business or to your Web site. You can let potential clients know about a sale. Be specific without being too wordy; people tend to skim ads, particularly those online. Include a relevant visual, such as a picture of your store or business logo. If you're uncertain of how to word your ad, look

at ads for similar businesses and note what you like and don't like. You can also consult an advertising professional for assistance.

Test Your Progress

1. What do you mean by advertising planning?

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2. Explain the concept of advertising planning.

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6.3 Importance Of Advertising Planning

Every memorable advertising campaign starts with a strong insight. For starters, insight is a universal truth about why a particular consumer behaviour exists—from why people like pink clothes to why kid like colourful toys. The job of an advertising agency, on the other hand, is to respond to this insight with a big idea.
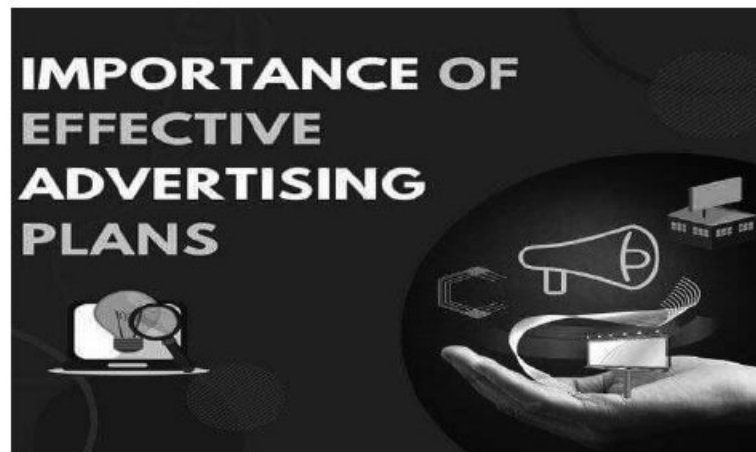
Fig. 6.3 Importance Of Advertising Planning

The importance of advertising planning is:

1. It helps you identify the right audience :

If your marketing communications attempt to talk to everyone, you'll just end up talking to no one. This is where the importance of strategic planning becomes evident. Planning allows you to pinpoint the target audience for your campaign. Additionally, it will help you develop the right voice you need to use so that they can easily relate to you.

2. It helps you craft the right messaging :

With a strong insight, you'll find it easy to come up with the right messaging for your campaign. This messaging, in turn, will help craft the big idea, which will be the heart of your campaign. Some examples of big ideas are Nike's "Just Do It" and Skittles' "Taste the Rainbow." To get insights, you can conduct surveys, in-depth interviews, and focus group discussions with your target market.

3. It helps promote brand consistency :

Strategic planning ensures that every advertising campaign you'll implement will always be within the bounds of your branding guidelines. This is especially true when it comes to messaging and voice—the copy and visual elements of your campaign should be consistent with the characteristics and personality of your brand.

These are only some of the things that make strategic planning an important aspect of your advertising campaign. To reinforce your existing planning components, you can work with a reliable research agency.

4. Promotion of Products and Services :

The primary objective of advertising is to get the word out that you have something exciting to offer, says George Felton, author of "Advertising: Concept and Copy." It can be anything from an upcoming entertainment event you're promoting, a new product line you're selling, a political campaign you're managing, the expansion of an existing platform of services or officially hanging out a shingle for your first business. Whether your promotion takes the form of print ads, commercials, billboards or handbills, the content adheres to the rules of journalism by identifying who, what, when, where and why.

5. Creating Customer Awareness :

Advertising helps to raise your target demographic's awareness of issues with which they may be unfamiliar as well as educate them on the related benefits

of your product or service. A popular example of this is the health care industry. If, for instance, a consumer watches a television commercial in which someone describes aches and pains that are similar to those experienced by the viewer, the ad not only identifies a probable cause but suggests a potential remedy or treatment option to discuss with her doctor.

6. Comparisons with Competitors :

Advertising invites your target audience to evaluate how your product or service measures up against your competitors, says Gerard Tellis, author of "Effective Advertising: Understanding When, How, and Why Advertising Works." Demonstrations of household cleaning products are a good example of this because they provide compelling visual evidence of which product does a faster and more effective job of tackling stubborn stains. Political ads are another example of how advertising serves up side-by-side comparisons of the candidates' qualifications and voting records for readers and viewers to make informed choices at the polls.

7. Retention of Existing Customers :

An ongoing advertising campaign is essential in reminding your existing customers that you're still around, say Kenneth Roman and Jane Maas, authors of "How to Advertise." In a troubled economy where so many shops, restaurants and companies are going out of business, maintaining a strong presence through regular ads, fliers, postcards, events and a dynamic website is invaluable for long-term relationships. This also serves to attract new customers who may not have been in need of your products or services when you first opened but are now pleased to have their memories jogged.

8. Boosting Employee Morale :

When people ask your employees where they're working, the latter will likely feel better about their jobs if the reaction to their reply is, "Wow! I've heard a lot of great things about that store" instead of "Nope, never heard of it" or "Oh, are they still around?" Investing in an advertising plan keeps your business an active part of the conversational vocabulary and community buzz. This, in turn, gives your workers a sense of pride and emotional ownership in an enterprise that's generating positive feelings and name recognition.

6.4 Process of Advertising Planning

The basic steps involved in designing a better advertising campaign are:

1. Planning to Define the Product or Service: The product or service should be defined before making any advertising strategy. Customers' ratio can only be possible to increase if they completely understand the purpose of the

product. This strategy can be called a mother of all advertising strategies as it is defining, what is going to be marketed. Thus, planning or defining any product or service can make homework much easier.

2. The decision for the Audience: Targeting the audience should be the primary concern when making advertising strategies. Every business or marketing promotion requires advertisement. But keeping the audience in view is obviously a tactical and important factor. A company should analyze whether they are catering to teenagers or senior citizens who have a limited range of spending.

3. Budget: Another essential strategy that allows other strategies to accomplish is budget. Promoting and advertising any product depends on how much a company is willing to invest. If a company has an extensive budget then it would be convenient for them to pass through every strategy getting no hurdle. But if they are limited with a budget, they have to watch out for every strategy that lies within their expenses.

4. Self-analysis: Before working on any strategy, the company should analyze their abilities to work. They should know their strengths, weaknesses, threats, and opportunities. Similarly, a company should be aware of their competitors. This analysis results in gaining an advantage for a company among its competitors.

5. Market research: Another important part of the advertising strategy is market research. Gathering knowledge about the availability of that product or services in particular areas, competitors' position, and dispatching ratio. Customer's interest in that product and the dilemmas faced by the customer regarding that product. The market study gives ongoing trends that help in making a great strategy. Moreover, pricing variation knowledge can benefit as well in approaching high sales targets.

The process for a market research is:

1. Define the problem & research objectives: It is important to know before where one is likely to go. Likewise, ones goal guides all through pathways to achieve their objective.

2. Develop the research plan and decide on data sources : Certainly, there are Primary or secondary resources, approaches, instruments, decision on who should take part in, how big it would be, sampling as to how should the samples be and contact methods(how should the data be collected), which need a decisive stand to take on.

3. Collect info-It is the most expensive and the most prone to error phase. But, one cannot get rid of it because this is the only process that ensures gathering knowledge through data mining technique.

4. Analysis– The acknowledgeable miners and analysts sit together to extract pertinent findings from the collected information using suitable data analytics techniques.

5. Present the finding-Without presentation, the pan analysis is like a shot in the dark. This phase is pertinent to the major marketing decisions, facing management and delivering meaningful insights that stick around specific research objectives.

6. Decision-Finally, the decision-makers give a shot to the implementation of analysis-driven knowledge.

Fig. 6.4 Market Research Process

6. Developing a marketing plan: After getting the latest market trends, the next strategy is to develop a market plan. Planning which includes a type of advertisement, the company is going to execute and the medium where they are going to be displayed. Whether they are choosing billboards and brochures in some shopping malls or running a commercial ad. These decisions come under the marketing plan.

7. Advertising through media: Now, the aim is to advertise the product through media and communication channels. More the product advertised through media, the larger the people aware of it. The product or service should be advertised keeping in mind the targeted audience and market research. If a treadmill is going to be marketed, it will be advertised on brochures or flyers at gyms, on fitness websites, and so on.

8. Launching the product or service: After advertising our plan, the next step is to implement it. If the product or service is advertised in a good manner,

make sure to conquer the stability of that product or service. Stay consistent in circulating their ads among people. Choose eye-catching and attractive logos to catch a big range of customers. Maintain the quality and quantity of that product or service.

9. Modifying advertising strategy: The job is not done only by developing and executing advertising strategies but to stay connected with the market trends. A company should amend its products or services according to the latest market trends to maintain its position and worth.

10. Analyze results: Keeping the results in mind is really necessary. A company should take a thorough survey to analyze that did they provided what they have committed to the audience? Customer's satisfaction is something a company should concern about. If a company is on track to reach their goals, results are essential.
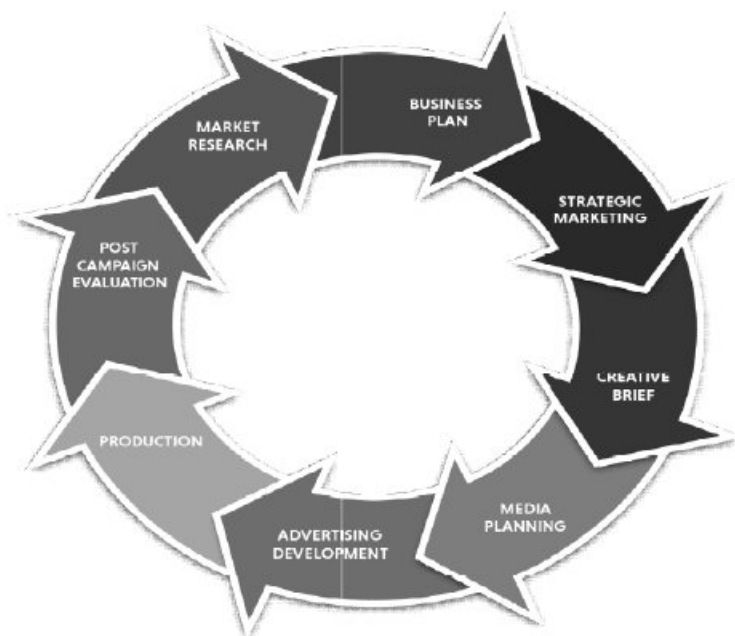
Fig. 6.5 Process of Advertising Planning

Test Your Progress

1. List any three importance of advertising planning.

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2. Explain the process of advertising planning.

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3. Explain:

a. Market Research:

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b. Media Advertising:

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6.5 <u>Objectives Of Advertising Planning</u>

An advertising plan is a blueprint for how you will use advertising to promote your business and reach new customers. Having a plan ensures that your company's advertising money is spent well and that your advertising reaches the correct audience. It also establishes benchmarks that you can use to assess whether your strategy is effective at reaching customers within the constraints of your marketing budget.

Advertising is a form of marketing that uses a sponsored, non-personal message to reach customers. It is paid for by the company and sells an idea, product, or service.

Before creating your advertising strategy, you need to have a comprehensive business plan. This will allow you to craft an advertising plan that reaches the correct customers, uses effective marketing messages, and stays within your budget.

Your business plan should include your :

1. Advertising budget

2. Target audience

3. Key marketing messages

4. Preferred advertising platforms

5. Marketing and revenue goals

The advertising methods that you choose will depend on your available funding and where you can best reach your ideal customers.

To create your advertising plan, use the information from your business plan to:

1. Choose a medium - Select places where your audience is already consuming information. This ensures that your advertising reaches your potential customers.

2. Plan your budget - Have a clear plan for where you spend your advertising dollars and how much you can afford. This helps you stay within your marketing budget and ensures that you bring in more revenue than you spend on advertising.

3. Develop a message - Create marketing language that communicates the benefits that your goods or services can provide customers. This will ensure that your marketing is primed to resonate with your audience and entice them to learn more or make a purchase.

4. Create benchmarks - Set goals that are measurable for the number of customers you want to bring in and how much revenue you want to generate. Develop a system to track how successful advertising is, such as dedicated phone numbers that customers can call, coupons for in-store promotions, or unique links that are placed on other websites. This allows you to track the effectiveness of your advertising.

5. Diversify - Choose more than one place to advertise. This ensures that if one strategy fails to bring in new customers, you have other ways of reaching your audience and generating revenue.

6.5.1 Advertising Mediums

There are many options for advertising your products or services. The best choices will vary from business to business, depending on your customers, budget, region, industry, and business goals.

a. Print :

Print advertising is on paper, including ads in flyers, direct mail, pamphlets, catalogs, newspapers, and magazines. It is often more effective for reaching an older audience or one that is highly stable and unlikely to move. It can also be useful for standing out from competitors who use primarily online advertising.

b. TV and Radio :

Television and radio advertising have a broad reach and can be useful for getting in front of many customers at once. TV ads are expensive and include both the cost of the advertising slot and the cost of creating the ad itself. Radio ads are often more cost-effective.

Fig. 6.6 Advertising Mediums

c. Email :

Emails directly reach potential or current customers. The average open rate for email marketing is around 17%, though this can vary between industries and companies depending on how engaged your email subscribers are.[4] Smaller companies often have higher open rates than larger ones. Larger companies often have the budget to purchase mailing lists from advertising marketing firms.

d. Digital :

Advertising online includes a variety of websites, blogs, videos, search engines, and social media advertising. Digital ads traditionally embed a link

that goes directly to your company website or product page, and they rely on the relationship that a partnering website already has with their readers or followers.

6.5.2 Analyze Your Advertising Strategy :

Once you've created and implemented an advertising plan, your work isn't done. Marketing is an ongoing process that you should consistently measure and reassess.

Set up your advertising plan so you can track the results of each strategy, then analyze the results to see which types of marketing are the most effective for your business based on several different metrics.

Knowing which forms of advertising provide the best return on your investment will allow you to decide where to focus your marketing budget in the future.

With the help of the figure given below, onew can prepare an advertising strategy.

Fig. 6.7 Advertising Strategy Process

6.5.3 New Forms of Media

The media that are available for advertising change continuously. New websites and podcasts become available. Newspapers, magazines, and radio channels offering new rates in order to entice advertisers. Social media platforms are created, change their advertising models, lose popularity, or reach different demographics.

As you assess the effectiveness and ROI of your current advertising plan, keep an eye on new places where you can reach your customers and advertise your products. This will help you both create a strong advertising plan and stay one step ahead of your competitors.
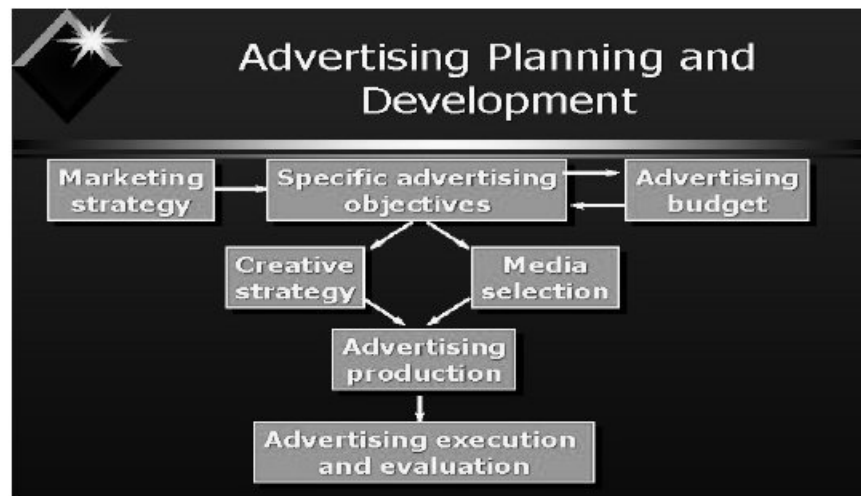
Fig. 6.8 Advertising Planning and Development

6.6 Advertising Budget

An advertising budget is an estimate of a company's promotional expenditures over a certain time period. More importantly, it is the money a company is willing to set aside to accomplish its marketing objectives. When creating an advertising budget, a company must weigh the value of spending an advertising dollar against the value of that dollar as recognized revenue.

Fig. 6.9 Advertising Budget

6.6.1 Importance of Advertising budget

Advertising budget affects company profits. It affects two aspects at once. First, the advertising budget indirectly affects the success of advertising and product

sales. Second, it also contributes to the company's marketing costs. Ideally, the company gets a positive return.

Not only products, but advertising is also essential to build a company image. Indeed, measuring the advertising's effectiveness on the corporate image is problematic because it is qualitative.

6.6.2 Factors affecting the advertising budget

Big budgets are not necessarily effective in generating sales. So, ensuring that the budget is in line with promotional and marketing objectives is a key factor.

Several factors to consider in determining an advertising budget are:

1. Marketing goals

2. Target audience

3. Types of products

4. Selected media types and their frequency

5. Expected profit

6. Product life cycle stage

6.6.3 Special Considerations: Advertising Budget and Goals

Before deciding on a specific advertising budget, companies should make certain determinations to ensure that the budget is in line with their promotional and marketing goals:

1. Target consumer: Knowing the consumer and having their demographic profile can help guide advertising spend.

2. Type of media that is best for the target consumer: Mobile or internet advertising—via social media—may be the answer, although traditional media, such as print, television, and radio may be best for a given product, market, or target consumer.

3. Right approach for the target consumer: Depending on the product or service, consider if appealing to the consumer's emotions or intelligence is a suitable strategy.

4. Expected profit from each dollar of advertising spending: This may be the most important question to answer, as well as the most difficult.

6.6.4 Process of Advertising Budget

The process of advertising budget is:

1. Preparation of Budget: The advertising budget generally prepared by the advertising manager in consultation with marketing manager. The advertising budget mainly made on the basis of inputs such as; type of product, target market, demographic composition, advertising copy, and media; provided by the marketing research people.

2. Presentation and Approval of Budget: Once the advertising budget prepared by the advertising managers, it is presented in front of the top management for the approval.

3. Execution of the Budget: After approval, the approval process, the advertising manager execute the overall budget. At the time of execution, the budget allocation are to be considered for various activities.

4. Control of Budget: Once the advertising department of an organization execute the budget, the result come out. So in this stage of advertising budget process, the management ensures the correct use of advertising budget by evaluating the overall effectiveness of advertising programme.
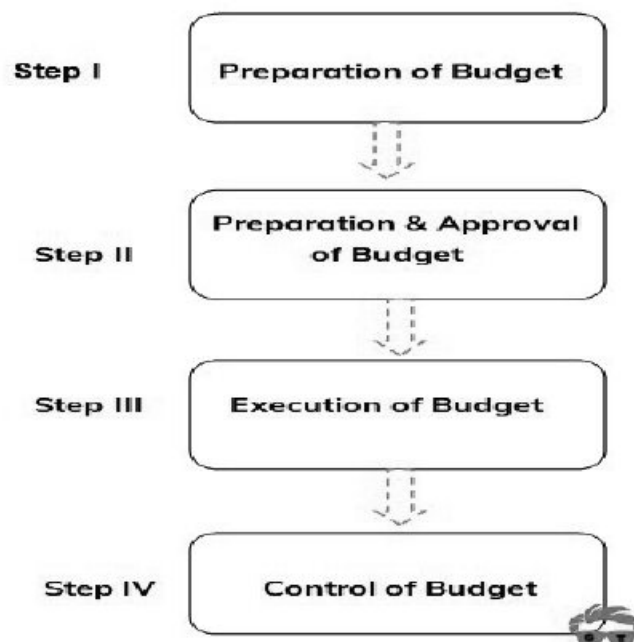
Fig. 6.10 Process of Advertising Budget

Test Your Progress

1. State any two objectives of advertising planning.

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b. Explain advertising budget.

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c. Explain:

a. Print Medium:

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b. Digital Medium:

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c. Target Consumer:

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6.7 Marketing Vs. Advertising

The main difference between these two business practices is that advertising is a part of marketing. A successful marketing strategy typically dedicates resources to advertising at multiple levels, placing corporate marketing communications in various types of media.

To dig a little deeper into this question, it be helpful to review the differences between paid, owned and earned media:

1. Paid Media — This type of media involves a company paying a publisher to place marketing communications. Examples of paid media include billboards, broadcast and print ads, search engine ads, social media ads and direct mail or email.

2. Owned Media — This type of media involves a company using its own channels to place marketing communications. Examples of owned media include retail merchandising, websites and business blogs, brochures, corporate social accounts and press releases.

3. Earned Media — This type of media involves external communications about a company from third-party actors. Examples of earned media include online reviews, newspaper or magazine articles, social media endorsements, customer demonstrations and types of external publicity.

As indicated above, advertising is typically limited to the domain of paid media. That is inherent in the nature of advertising as a business practice—placement of messaging or branding in exchange for compensation. Stated otherwise, when businesses advertise, there is typically a price tag attached.

On the other hand, effective marketing strategies can have an impact on paid, owned, and earned media. By successfully identifying customer wants and needs—and evaluating the best way to meet them—marketing controls how a company advertises in paid media. Marketing also dictates how a company communicates through owned media, not to mention how it interacts with others through earned media.

MARKETING	ADVERTISING
Tends to cost less	Can cost significant amounts of money
Attracts customers organically	Targets customers with a broader sweep
Takes a personal approach to messaging	Targets all consumers in the same way
Often hosted by the entrepreneur	Often hosted in other media
Longer buying cycle	Shorter buying cycle
KPIs include brand awareness, improved relationships, social shares, web traffic, and more	KPIs typically boil down to sales and conversions
Designed for customer acquisition and retention	Designed primarily for customer acquisition
Can include two-way communication between the brand and the consumer	Involves strictly one-way communication from brand to consumer
Focus on creating new content and messaging	Focus on repeating the same content and messaging

Table 6.1 Marketing Vs. Advertising

6.8 Merits Of Advertising Planning

The main advantages of advertising from the viewpoint of manufacturers, consumers, middlemen and society are:
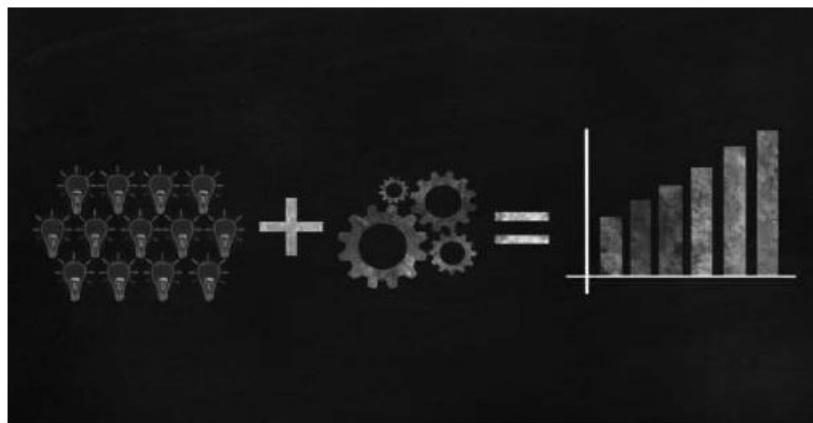
Fig. 6.11 Merits of Advertising Planning

1. From Viewpoint of Manufacturers:

A well-advertised product is easier to be sold by the salesman in the market. If a brand is popular and well-known, people respond favourably to the

salesman's efforts. It provides a support to salesmanship, as the audience understands the product and its uses more clearly through the advertisement and the salesman's effort is reduced to convince the buyers.

(a) Increase in Sales:

The main object of the manufacturer in advertising his products is to promote the sale of his products. Goods produced on a mass scale are marketed by the method of mass persuasion through advertising.

Repetition of advertisements, the manufacturers are not only able to retain existing markets but are also able to expand the markets both by attracting more people to their products and also by suggesting new uses for them. Advertising is a helping hand to selling.

(b) Supplementing Salesmanship:

It creates a ground for the efforts of the salesmen. When a salesman meets its prospect, they have just to canvass for a product with which the consumer may already have been familiarised, through advertisements. Therefore, the salesman's efforts are supplemented and his task is made easier by advertising.

(c) Lower Costs:

Sales turnover and encourage mass production of goods are enhanced by advertising that results in large scale production, average cost of production reduces and results in higher profits. At the same time, when the cost of advertising and selling costs gets distributed over a larger volume of sales, the average cost of selling also lowers down.

(d) Greater Dealer Interest:

Advertising creates demand by which every retailer gets an opportunity to share with others. Hence, the retailers who deal in advertised goods are materially assisted by advertising in the performance of their functions. The retailers have not to bother much about pushing-up the sale of such products. Therefore, they evidence more interest in advertised products.

(e) Quick Turnover and Smaller Inventories:

A highly responsive market is created by well-organised advertisement campaign thereby facilitating quick turnover of the goods. Resulting, in lower inventories in relation to sales and being carried-on by the manufacturers.

(f) Steady Demand:

Seasonal fluctuations on demands for products are smoothened by advertising generally the manufacturers tries to discover and advertise new possible uses of

which a seasonal product maybe put. The innovation of cold tea and cold coffee for the use during summer has helped in increasing the demand for these beverages even in that season. The same maybe said for refrigeration.

2. From Viewpoint of Consumers:

(a) Improvement in Quality:

Usually, goods are advertised under brand names. When a person is moved by the advertisement to use the product, they proceeds on the hope that the contents of the particular brand will be better than the other brands of the same goods.

When his experience confirms his expectation, a repeat order can be expected. Or else, the sales may rise very high once but may drop down very low subsequently when the consumer's confidence in the quality of the product fails.

(b) Facility of Purchasing:

Purchasing becomes easy for the consumers after advertising. Generally, the re-sale prices (prices at which the goods are to be sold by the retailers) are fixed and advertised. Thus, advertising offers a definite and positive assurance to the consumer that they will not be overcharged for the advertised product. The consumer can make his purchases with utmost ease and confidence.

(c) Consumer's Surplus:

The utility of given commodities is increased by advertising for many people. It points-out and pays even more for certain products which appear to have higher utility to them. If these products are available at the original lower prices, there will naturally be a certain amount of consumer's surplus in terms of increased satisfaction or pleasure derived from these products.

(d) Education of Consumers:

Being an educational and dynamic principle, the prime objective of advertising is to inform and educate the customers about new products, their features, prices and uses. It also convinces them to adopt new ways of life, giving up their old habits and inertia and have a better standard of living.

3. From the Viewpoint of Middleman:

(a) Retail Price Maintenance becomes Possible:

The consumers are quite keen on getting quality products at stable prices over a period of time. Each consumer has his or her own family budget where he or

she tries hard to match the expenditure to the disposable income for a socially acceptable decent living.

In case the prices go on changing abruptly, these individual budgets are likely to be distorted to such an extent that the consumers will have to think of substitutes for the products they are enjoying at present.

(b) Acts as a Salesman:

What a travelling salesman does for this organisation is done by the advertising at least cost. This is the reason that most of the retail organisations do not employ large army of travelling salesman, rather they are willing to spend on advertising which attracts consumers to the sores where the counter salesmen cater to their needs.

(c) Ensures Quick Sales:

Every retailer having the stock of different producers needs a quick turnover. By bringing the wide range of these products to the notice of the consumers, advertising boosts up of sales.

Faster sales imply the specific advantages such as reduced capital look-up, reduction in losses of holding stock over longer period, increased profits even by reducing the profit margin per unit. Further, advertising gives much leeway and freedom to better serve the needs of the consumers.

4. From the Viewpoint of Society:

(a) Change in Motivation:

Radically advertising has changed the basis of human motivation. While people of earlier generations lived and worked mainly for bare necessities of life, the modern generation works harder to supply itself with the luxuries and semi-luxuries of life.

(b) Sustaining the Press:

For support and sustenance the newspapers, periodicals, journals, looks for advertisers, press, look to advertisements. In the absence of income from advertising, the newspapers have to be produced at a higher cost and may not be able to keep themselves free from its competitors.

(c) Encouragement to Artists:

Designing artists, writers to do creative work. They earn their living from preparing advertisements.

(d) Encouragement to Research:

When manufacturers are assured of sufficient profits. They undertake research and discover new products or new uses for existing products. Advertising puts forward this assurance and thereby encouraging industrial research with all its advantages.

(e) Glimpse of National Life:

A glimpse of national life is provided by national life.

6.9 Demerits Of Advertising Planning

Advertising too have its own limitations. In some case it's being misused by few people over looking their business interests.

Fig. 6.12 Demerits of Advertising Planning

The main weaknesses of advertising are discussed below:

i. Deferred Revenue Expenditure:

It is a deferred revenue expenditure, as the results are not immediate. As advertising occupies a substantial portion of the total budget of the organisation. Hence, investing a large sum in it does not necessarily yield immediate results thus limiting its utility.

ii. Misrepresentation of Facts:

A major drawback of advertising is misrepresentation of facts regarding products and services. Advertisers usually misrepresent unreal/false benefits of a product and make tall claims to excite people to indulge in actions leading to their benefit, but opposed to consumer's self-interest.

iii. Consumer's Deficit:

Advertising creates desires as consumers have low purchasing power. It leads to discontentment. Such discontent is obviously not very desirable from the

point of view of society, particularly if it affects a large majority of people. But it is important if it acts as a spur to social change.

iv. Barriers to Entry:

Advertisements promote industrial concentration to a greater or lesser degree. The extent of such concentration may vary with the character of the individual trade, the advertisability of the product and the technical conditions of its production. Although, studies on this subject are not conclusive. The evidence of positive association between advertising and concentration is weaker than can be expected.

v. Wastage of National Resources:

It is objected that advertisement is that it is used to destroy the utility of goods before the end of their normal period of usefulness. Now models of automobiles with nominal improvements are, for example, advertised at such high pressure that the old models have to be discarded long before they become useless, not that merely, the most-advertised products are delicate, fragile, and brittle.

vi. Increased Cost:

It is much debated whether advertising induces additional cost upon a product which the community has to pay. In a sense, it is true since expenses on it form a part of the total cost of the product. But at the same time, it would be unjust to infer that if the advertising costs were cut down the goods would necessarily be cheaper. Advertising is, one of the items of costs but it is a cost which brings savings in its wake on the distribution side.

vii. Product Proliferation:

Critics state that advertising encourages unnecessary product proliferation. As it leads to the multiplication of products that are almost identical, resulting in wastage of resources which could otherwise have been used to produce other products.

viii. Multiplication of Needs:

Advertising compels people to buy things they do not need as it is human instincts, to possess, to be recognized in the society, etc., are provoked by advertiser in order to sell products. At times, various types of appeals are advanced to arouse interest in the product. Sentiments and emotions are played with to gain customers.

Test Your Progress

1. Differentiate between marketing and advertising.

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2. State any three merits of advertising.

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3. State any three demerits of advertising.

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6.10 Summary

An advertising plan is a written strategy for how you plan to advertise your business. Advertising is any way you reach out to potential clients through media. Advertising may include newspaper ads, billboards, direct mail such as fliers or postcards and online advertisements through Google, Facebook or banner advertisements on Web sites relevant to your business. Advertisements use several common elements to deliver the message.

Many successful businesses incorporate multifaceted advertising strategies into their overall marketing plan. This is particularly true for global companies, where marketing strategy and advertising placement must take into account customers across the world. Though it also applies to small and medium

businesses, especially with the affordability of digital advertising through search engines and social media.

At the onset of corporate existence, it is paramount to define and execute a marketing plan by identifying customer wants and needs. That way, any future marketing or advertising efforts will have a defined approach and a better chance of success.

An advertising budget is an estimate of a company's promotional expenditures over a certain time period.

When creating an advertising budget, a company must weigh the value of spending an advertising dollar against the value of that dollar as recognized revenue.

Knowing the consumer and having their demographic profile can help guide advertising spend.

Merits of Advertising – 1. Promotion of Sales 2. Expansion of Production 3. Enhances Goodwill 4. Large Turnover and Huge Profits 5. Information about Different Options and Comparative Prices 6. Creates Employment 7. Higher Standard of Living

Demerits of Advertising – 1. Adds to the Cost of Production and Product 2. Leads to Price War 3. Deceptive Advertising 4. Leads to Unequal Competition 5. Creates a Monopolistic Market 6. Promotes Unnecessary Consumption 7. Decline in Moral Values.

6.11 Test Your Progress

1. What do you understand by advertising planning?

2. What is the concept of advertising planning

3. Explain the following in brief:

a. Budget

b. Message

4. State the importance of advertising planning.

5. Explain the process of advertising planning.

6. What is the objective of advertising planning?

7. What are the different advertising mediums?

8. Explain the following:

a. TV and Radio medium

b. Email medium

9. How do you analyze your advertising strategy?

10. What are the new forms of media?

11. What do you understand by advertising budget?

12. What is the importance of an advertising budget?

13. State the factors affecting advertising budget?

14. What are the precautions to be taken before preparing an advertising budget?

15. Differentiate between marketing and advertising.

16. Explain any five merits of advertising planning.

17. State any five demerits of advertising planning.

6.12 Suggested Readings

1. www.mbaskool.com

2. www.apaservices.org

3. www.smallbusiness.chron.com

4. www.eminenture.com

5. www.ama.org

6. www.themidcountypost.com

7. www.economicsdiscussion.net

8. www.thebalancesmb.com

9. www.investopedia.com

10. www.penpoin.com

11. www.courses.lumenlearning.com

12. www.bbamantra.com

13. www.businessfinancearticles.org

14. www.geektonight.com

15. www.shopify.in

UNIT 7 : ADVERTISING RESEARCH

Unit structure

7.0 Objectives

7.1 Introduction

7.2 Concept of advertising research

7.3 Importance of advertising research

7.4 Process of advertising research

7.5 Types of advertising research

7.6 Advertising research as a supporting tool

7.7 Difference between market research and marketing research

7.8 Merits of advertising research

7.9 Demerits of advertising research

7.10 Summary

7.11 Test Your Progress

7.12 Suggested Readings

7.0 Objectives

After completing this unit you will be able to:

> ➤ Learn in depth about advertising research
> ➤ Know the concepts and importance of advertising research
> ➤ Know the process of advertising research
> ➤ Understand advertising research as a supporting tool
> ➤ Get to know about its merits and demerits of advertising research

7.1 Introduction

Advertising Research is a scientific technique of depth analysis of consumers' behaviours It is done through a process, which involves systematic gathering, recording, and analysis of data related to the effectiveness of an advertisement.

Fig. 7.1 Advertising Research

7.1.1 Objectives of Advertising Research

A simple answer is to increase the chances that your communication strategy will achieve your business objectives. For the majority of business, this business objective is likely to include increasing immediate sales as well as improving brand health to deliver longer-term sales. However, another important objective is to minimise business risk. Advertising is highly visible, expensive, and has no certain outcomes. In creating a communication strategy businesses want to avoid running campaigns that needlessly risk a business's reputation or run campaigns with quickly wears-out, unless that was the strategy.

Advertising market research is about maximising opportunity and minimising needless risk.

a. Opportunity Maximisation. Maximising the chances of achieving your business goals.

b. Risk Minimisation. Removing or reducing the chances that mistakes harm your business and its reputation. Needless risks are those risks that offer no benefit to the business.

c. To Enhance Awareness – Through research, it is easy to plan the marketing strategy of any product/service.

d. To Know Attitudinal Pattern – A thorough research predicts the people's attitude. It analyses the changing attitudinal pattern of a geographic area. Knowing the consumers' attitude is very important before launching a new product and its advertisement.

e. To Know People's Action/Re-action – Research also records and analyzes people's action or re-action regarding a particular product/service.

f. Analysis – Based on deep research and analysis, it is simple to design and develop a creative ad, effective enough to influence consumers.

7.1.2 Essentials of Advertising Research

Following are the essentials of advertising research that support researcher to complete the research task successfully –

a. Research Equipment – It is the basic requirement of advertising research. It includes a skilled person, computer system with internet, and relevant newspapers and magazine. However, field research is also important. For example, interviewing people in the market or their residential places.

b. Media Research – To determine, which media is the most effective advertisement vehicle, media research is necessary. It helps to reach the potential customers in a short period of time and at lower cost.

c. Marketing Trends – Knowledge of marketing trends help advertisers to know what products people are buying and what are the specific features of the products, which compels people to buy. With this information, manufacturers can modify their product according to the trend on competitive price.

d. Target Audience – For any advertising research, it is very important to identify target audience and geographic location.

7.1.3 Scope of advertising research

The scope of advertising research includes:

a. Increases awareness: Advertising research increases the knowledge about the market, which helps in building a brand campaign.

b. Analyzes changing market: Knowing your customer is very important for any business. A customer's attitude is subject to change with the change in market conditions. Advertising research analyzes these changing attitudes of your customers.

c. Public feedback: Advertising research records the feedback of your audience.

d. Results: Final campaigns that are created are based on the results of the research.

7.2 Concept Of Advertising Research

Advertising research is done to determine which advertisements will be most effective with your target audience. It's done during ad development and to analyze the effectiveness of an ad campaign while it's underway.

Advertising research, and more broadly communication research, is not a one-off specific type of research. Instead, it is a range of different types of market research techniques used to help marketers move their communication from initial brand strategy through to understanding the effectiveness of an advertising campaign.

Advertising market research reflects both the process of building a communication strategy and the stages of design thinking. In initial stages, advertising research focuses on helping marketers uncover insights that help them create the right brand positioning and brand expression on which you can build a communication strategy. At each stage of the communication research process, the research becomes more focussed on execution elements and the impact of the advertising.

Marketing research may be defined as the mechanism which helps in linking the customers, producers and several other end-user to the marketer and help in finding and communication of all required information. It is the system that leads to the collection of data, analysis of data and then interprets the required information to the users.

Marketing research plays an important role in studying consumer behaviour and making adjustments according to the change in the various elements of marketing mix viz. promotion, place, price, and product. It is a very efficient tool for the marketers to understand the trends of the market that mainly consists of information relating to new product launch in the market, trends in consumer demand, pricing strategy of the competitor and available close substitutes of the product. These all information acquired through this process enables in the smooth functioning of the marketing process.

The basic needs of a marketing research can be seen from the figure below:

Fig. 7.2 Needs of Marketing Research

Test Your Progress

1. What is advertising research? State any two objectives.

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2. What is the concept of advertising research?

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7.3 Importance Of Advertising Research

Advertising research is a detailed study on a particular subject, which leads to a successful and effective campaign. Advertising research also decides the success of an advertising campaign by measuring the impact over its audience. The purpose of advertising research is to either establish a brand image or to improve one. Research also helps in arriving at a creative idea. A creative advertisement is one that engages the target audience. And what helps in developing advertisement creative is the advertising research that takes place before its creation.

One should conduct a full- fledged advertising research as it helps in:

Developing creativity: when all the information is accessible, a well- formed strategy could be designed to develop the organization further.

Improves your position in the field: Advertising research enables a company to find a suitable time and ways to launch their products.

Rank your image: Advertising research enables comparisons between organizations. So it helps a company to know its place in the market compared to others.

Predicts likely issues: Advertising research predicts forthcoming problems that an organization might face.

Monitors progress: It analyzes your organization's performance.

Less chances of failures: There is reduced risk of failures if the advertising research is thorough.

7.4 Process Of Advertising Research

At each of stage of your advertising development, your market research needs to provide insights that allow you to move forward. Results from advertising market research can become a hotly contested area, with the advertising agency and others in your business competing to have the campaign reflect their objectives or their personal views on what makes great advertising. So that the research provides clarity of direction you need to ensure you know what is being tested and how you will use the results. At some point in developing your brand and communication strategy, and in creating your advertising, you need to move from discovery and synthesis to evaluation.

7.4.1 Types of advertising market research

Advertising market research falls into five different types that reflect the different stages of campaigns development.

1. Insight for Advertising Development

2. Concept and Strategy Screening

3. Advertising Pre-Testing

4. A/B Testing

5. Campaign Evaluation

Let us understand these below:

Design Thinking Process for Advertising Development

Frame Question	Gather Inspiration	Generate Ideas	Prototyping	Test to Learn	Share
Identify the driving question that will inspire creative solutions	Discover what people really need	Push past the obvious to get to ground braking ideas	Build rough ideas to find out how to make them better	Refine ideas and experiment forward	Create and share

Matching Advertising Research Process

Define Strategy Objective	Insight Exploration	Concept and Strategy Screening	Pre-Testing	A/B Testing	Campaign Evaluation
What is the motivation for developing a campaign	Discover insights that inspire new ways of understanding your brand and your market	Find the idea that will inspire consumers to change	Forecast impact and learn how to improve	Refine ideas execution elements	Learn from doing

Fig. 7.3 Process of Advertising Research

1. Insight for Advertising Development:

The first stage of advertising market research is the broadest. To find insights that will help marketers create their communication strategy, create a brief for the advertising agency, or research that will help spark creativity in the advertising agency, market researchers, have a wide range of options to draw upon. There is no one right way; the right way is the way that works. This is because different clients have different previous research and insights to draw upon in the early stages of strategy development.

Compared to other stages of advertising research, this stage is purely exploratory and requires a broader understanding of how to create effective advertising. When looking for the right insights, you need to understand that there are different types of customer insight that may provide the right for your campaign.

2. Advertising Concept and Strategy Evaluation:

Once you have briefed your advertising agency and they have come back with different advertising ideas, it is time for your advertising market research to move from exploratory to evaluation. Unlike later evaluation stages, your advertising research still needs to understand if the general direction of the advertising is likely to move the brand in the intended direction. The focus of the research at this stage is about understanding if the advertising has the right advertising idea and strategic direction. Any analysis of the executional

elements should be in reference to the advertising idea, and how it supports or undermines that ideas ability to achieve its intended strategy.

Advertising research at this stage is qualitative. Qualitative research allows you to explore reactions in greater detail and to explore alternative ideas quickly. Depending on your communication strategy, this research needs to include a broad range of consumers from your target market. The consumers whose behaviour you are hoping to change. If repeat buyers dominate your sales, then you also need to include your customers in your research.

3. Advertising Pre-Testing:

Advertising Pre-Testing is synonymous with advertising market research. For marketers working in multinational companies, advertising pre-tests are used to provide 'go; no-go' decision for a specific execution. When tested in a more draft version such as a storyboard, animatic or an advertising rough, the pre-testing can give both marketing and advertising feedback on how to structurally improve an execution. If you have not done any concept research, testing a final execution is high risk. If you are only testing at the final stage, it should only be used when choosing between competing executions, to refine the execution, or provide input into a forecast model on the campaigns likely impact on the brand or sales

4. A/B Testing:

A/B testing is the simplest form of advertising research and it is the oldest. In its most basic form, A/B Testing is running two versions of the same execution with 'only' one difference. When more than one thing is changed, you are unable to say what caused any differences. Using the scientific method, one of the designs is referred to as the 'control' and the alternative as the 'test'. The audience that each version is shown to is randomised to ensure that interpretation of the results what was tested and not who a design was tested among. In live tests, consumers only see one advert design and are unaware that there is a test. A/B Testing can also be done within a survey framework with consumers aware that they are evaluating an advert but are only exposed to one version.

5. Campaign Evaluation:

Your advertising market research should not end when you launch your campaign. Unlike other advertising research, your campaign evaluation is less focussed in giving you feedback on your executions and more on the broader media strategy an and how your campaign is affecting your brand. The research moves from seeing advertising as a stimulus to being part of a system.

For your campaign to provide actionable results, it needs to include all sources of information on what you did and how consumers responded. With campaign evaluation research you are trying to determine cause and effect; what you did and what happened. For understanding the 'cause' side of the equation, you need include media plans, campaign material and any environmental factors that could have affected your results. On the 'effect' side, you need to include any business-related behaviour: Sales results, website impressions, click-through rates, time on site, and enquiries. A starting point for what measures to include in your businesses brand funnel.

Fig. 7.4 Marketing Brand Funnel

Test Your Progress

1. What is the importance of advertising research?

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2. What is the process of advertising research?

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3. Explain:

a. Advertising Pre-Testing:

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b. A/B Testing:

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7.5 Types Of Advertising Research

There are two types of research, customized and syndicated. Customized research is conducted for a specific client to address that client's needs. Only that client has access to the results of the research. Syndicated research is a single research study conducted by a research company with its results available, for sale, to multiple companies.

Pre-market research can be conducted to optimize advertisements for any medium: radio, television, print (magazine, newspaper or direct mail), outdoor billboard (highway, bus, or train), or Internet. Different methods would be applied to gather the necessary data appropriately.

Post-testing is conducted after the advertising, either a single ad or an entire multimedia campaign has been run in-market. The focus is on what the advertising has done for the brand, for example increasing brand awareness, trial, frequency of purchasing.

1. Pre-testing:

Pre-testing, also known as copy testing, is a specialized field of marketing research that determines an ad's effectiveness based on consumer responses, feedback, and behaviour. Pre-testing is conducted before implementing the advertisement to customers. The following methods can be followed to pre-test an advertisement:

a. Focus group discussion

b. In-depth interview

c. Projective techniques

d. Checklist method

e. Consumer jury method

f. Sales area test

g. Questionnaire method

h. Recall test

i. Readability test

j. Eye movement test

Pre-testing includes three test routes, which are:

a. Concept testing: This route is a major part of the creative plan. This covers effectiveness and the basic communication concept.
b. Theme testing: An advertising campaign is based on a subject, which may revolve around various themes.
c. Copy research: After a lot of brain storming, the ideas get noted down and are transformed into a crisp and precise copy.

2. Campaign pre-testing:

A new area of pre-testing driven by the realization that what works on TV does not necessarily translate in other media. Greater budgets allocated to digital media in particular have driven the need for campaign pre-testing. The addition of a media planning tool to this testing approach allows advertisers to test the whole campaign, creative and media, and measures the synergies expected with an integrated campaign.

3. Post-testing:

Post-testing/Tracking studies provide either periodic or continuous in-market research monitoring a brand's performance, including brand awareness, brand preference, product usage and attitudes. Some post-testing approaches simply

track changes over time, while others use various methods to quantify the specific changes produced by advertising—either the campaign as a whole or by the different media utilized.

Overall, advertisers use post-testing to plan future advertising campaigns, so the approaches that provide the most detailed information on the accomplishments of the campaign are most valued. The two types of campaign post-testing that have achieved the greatest use among major advertisers include continuous tracking, in which changes in advertising spending are correlated with changes in brand awareness, and longitudinal studies, in which the same group of respondents are tracked over time. With the longitudinal approach, it is possible to go beyond brand awareness, and to isolate the campaign's impact on specific behavioural and perceptual dimensions, and to isolate campaign impact by media.

Tracking can be done in many ways, which are:

a. Inquiry & Coupon Response: These experiments are conducted in a field. The consumers are sent an inquiry form related to the brand, which they are asked to fill. The responses describe the effectiveness of the brand advertisements.

b. Split-run Tests: This enables comparison testing between two or more ads in the same position, and publication, with each ad reaching a comparable group of audience.

c. Recall Tests: The respondents are asked to answer what they have seen, heard or read about the brands, without allowing them to look at or listen to those ads while answering.

d. Sales Test Method: This is the direct method where the effectiveness of the brand can be specified. This is done by directly measuring the sales of the product or service once the campaign has been initiated.

Advertising research can focus on different areas of the advertising process, including:

1. Target Market:

You may need to research the habits and preferences of your target customers before launching an advertising campaign. This helps identify who your customers are, what problems they have, what benefits they are looking for, and what kind of messaging will resonate with them.

Even if you have been in business for a while, researching your target market can be helpful if:

a. You are launching a service product that will attract new customers.

b. You are expanding your market.

c. Your advertising is not resonating with your target market.

2. Response to Ads:

Understanding how real people in your target demographic respond to ads can help you create a strong and effective advertising campaign. In this type of research, customers are shown different ads and are asked what they think about the products that are featured, whether they would consider purchasing them, and how well they understand the product after seeing the ad.

3. Outcomes and Success:

Use research to measure the success of each advertising campaign. Understanding the impact advertising had on sales, customer perception, and lead generation, as well as its return on investment, can help you craft stronger advertising and make more effective use of your money. You can also use it to compare advertising across different media or markets. This can help your company understand whether it needs to revise its advertising strategy.

Advertising research into the success of a campaign is most effective when that campaign has clear benchmarks for success as well as a way to track customer response, such as unique ordering codes, coupons, or web links.

Well-designed advertising research won't just impact your advertising strategy. As with any component of your marketing mix, the ultimate goal is to increase sales and grow your business.

7.6 Advertising Research As a Promotional Tool

Advertising is a form of mass communication. It is paid for by the seller who wants to communicate about his product or service to the customers. The advertiser wants to persuade and induce the reader, viewers or listeners to take some action viz. to buy the advertised product so that the advertiser can have profitable sales.

Thus, advertising is defined as mass, paid communication of goods, services or ideas by an identified sponsor. Advertising media are newspaper, magazines, radio, TV, cinema film, outdoor hoardings and posters, direct mail etc.

Strength of Advertising as a Promotional Tool:

Advertising is a major promotion tool. It offers planned and controlled message. It can contact and influence numerous people simultaneously, quickly and at a low cost per prospect. Hence, it is called mass means of communication. Mass production and mass distribution totally depend on all forms of advertising and publicity. Advertising is the backbone of modern national and international marketing.

(a) Objectives of Advertising:

(i) Promotion of new-product.

(ii) Support to personal selling.

(iii) Brand Patronage: Advertising programmes can aim at consumer awareness and attitude.

Buyers may be induced to purchase and repurchase,

(iv) Immediate buying action.

(v) Dealer support.

Advertising is a powerful promotion tool to establish and retain brand loyalty and even store patronage provided the product itself does not suffer from quality-deficiencies.

(b) Advertising and Brand Patronage:

Advertising is an important promotion in order to establish brand patronage. Customer preferences toward brand indicate the following tendencies:

(i) Brand Insistence:

A buyer insists on purchasing one brand only and will not accept a substitute. The five drivers of brand insistence are:

Creating Brand Insistence

AWARENESS
THE CORNERSTONE OF STRONG BRANDS.
Are your target customers and key stakeholders aware of your brand? Is it the first one that comes to their minds?

EMOTIONAL CONNECTION
Does your brand connect with people on an emotional level?

THE 5 DRIVERS

RELEVANT DIFFERENTIATION
• Proof points • Reasons to believe

THE LEADING EDGE INDICATOR OF FUTURE MARKET SHARE AND PROFITABILITY.
Is your brand unique or different in customer-relevant, customer-compelling ways?

ACCESSIBILITY
Do customers and potential customers perceive your brand to be convenient?

VALUE
Does your brand deliver a good value for the price?

Fig. 7.5 Five Drivers Of Brand Insistence

(ii) Brand Loyalty:

A buyer has a strong attachment to the brand and will not accept a substitute, if the brand is available.

(iii) Brand Preference:

A buyer is inclined towards a specific brand over others in the same category.

(iv) Brand Acceptance:

A buyer will buy the brand and has an open mind to try another brand.

(v) Brand Awareness:

A buyer is merely aware of the existence of brand but has limited knowledge about it.

(vi) Brand Unawareness:

A buyer has no knowledge about the brand. Most of the times an advertiser (seller) tries to build a brand privilege or patronage for his product or service.

(c) Media Selection:

In making media selection, we have to consider the following factors:

(i) The financial allocation for advertising.

(ii) The nature of the product and the demand for it.

(iii) The type of prospects, their location and other characteristics.

(iv) The nature of competition and the extent of coverage required.

(v) Cost of media, co-operation and promotional aids offered by media, media circulation.

Media of Advertising:

(i) Print Media – Newspapers, Magazines, Trade Journal and Periodicals.

(ii) Direct Mail – Catalogues, Leaflets, Pamphlets, Brochures, Price Lists, Sales Letters/Circulars.

(iii) Transit Advertising – Railways, Buses, Aeroplanes, Trams, Taxes, Auto Rickshaws, Car-cards.

(iv) Broadcast Media – Radio, T.V., Film, Screen Slides, Internet.

(v) Out-door or Mural – Posters, Hoardings, Sky advertising, Electrical

(vi) Other Forms – Window displays, point of purchase, Exhibitions,

Directives, Showrooms, Trade fairs, Advertising specialities such as calendars, diaries, pen-stands, ball pens Key-rings etc.

(d) Essentials of Good Advertising:

i. A good advertisement must have the right message communicated through a right media. It must reach the right people and prospects and that too at the right time and at the right cost. Right timing of an advertisement is very important.

ii. Advertisement must be properly understood by people and it should ignite their desire to purchase.

iii. Advertising requires efficient planning, organising and effective control.

iv. Message creation is called the art of advertising. The message must capture the attention, arouse interest and ignite the desire to purchase.

v. A good advertising theme stresses, clearly the differential advantage of the product or service over rivals.

vi. The presentation of the message involves, the choice of words, pictures, symbols, colours, slogan, testimonial and action.

vii. Media are chosen to reach the desirable segment of the population. Media selection is based on the communication requirement, emphasis on the prospect, an eye on the competition and the budget.

viii. Advertising campaign can lead the prospect through the various stages of consumer decision process, such as awareness, comprehension, conviction, purchase and repurchase.

ix. Sales are influenced not merely by advertising but by all tools of promotion simultaneously.

Fig. 7.6 Qualities of Advertising Copy

(e) Assessment of Advertisement:

The ultimate purpose of advertising is to sell the product, service or idea.

However, advertising is only one element of marketing-mix. There are at least seven factors beginning with the letter 'P' that influence actual sale.

i. Product itself.

ii. Point of Purchase.

iii. Package design.

iv. Personal selling.

v. Promotion or Sales Promotion-aids.

vi. Publicity and Advertising.

vii. Price.

Obviously, advertising alone cannot achieve sales target, though it is a very vital element in our total marketing effort.

If advertising is regarded as a sales tool in our advertising campaign, the effectiveness of that campaign should be measured in terms of sales results. If its goal is to achieve a specific change in consumer or behaviour, then the measurement of the advertising effects should be in terms of changing consumer attitudes.

(f) USP and Brand Image:

Unique Selling Proposition (USP) makes the brand stand out in the crowd and shows its prominence. The concept of USP came from Rosser Reeves of the Ted Bates agency, who advocated that an advertisement needs to sell itself.

Following three factors are responsible for the development of USP:

1. USP should relate to a specific Product benefit.

2. It is unique in the sense, no other company has claimed before.

3. Product sales must improve.

Any brand cannot create an "USP" image since, in to-day's technological advancement, product homogenisation and standardisation, the concept of USP as a brand building may pose a challenging strategy.

(g) Pre-writing consideration and Advertising Appeal:

The advertising appeal is the central idea around which the advertisement is created. This is unique sales proposition. It represents a specific point of view to be stretched in the advertisement. It can arouse desire and induce action on the part of customers. The appeal is the heart and soul of advertising copy message. Various appeals are used in advertisement for selling product or service. Selection of appeal is made by means of consumer research. Beauty, health, comfort, economy, love and affection etc. are used as common appeals. The appeal becomes the driving force leading to purchase of a product/service. It arouses the desire for purchase.

Advertising Copy:

The term copy covers all items appearing in an advertisement. It is prepared by an expert copy writer. It is written or spoken material of advertising communication and includes the headline, advertiser's name and main text of message.

Well designed advertising copy uses four basic steps in selling:

1. Attracting attention

2. Developing interest

3. Arousing desire

4. Finally generating action the so called AIDA principle. Advertising copies should be simple, easy to understand, attractive and persuasive language.

(h) Creating Print Advertising:

The key format elements in print advertising are as follows:

(i) Headline:

The headline refers to words in the leading position of any advertisement. These are words that will be read first in order to draw the reader's attention. These headlines are set in large, dark type and generally set apart from body copy to make them prominent. It is considered the most important part of a print ad by most advertising professionals.

To attract the reader's attention, the headline must put forth the main appeal, theme or proposition, giving powerful reason to read the more detailed and persuasive information contained in the body copy about the product or service.

(ii) Body Copy:

The main text portion included in the advertisement is called the body copy which contains the complete details about the headline. It covers the attributes, benefits and utility of the product or service.

The copywriter should speak to the prospect's self-interest, explaining how the product or service will satisfy the consumer's need.

(iii) Slogan:

Many slogans are used as successful headlines. Slogans provide continuity to services of ads in a campaign and also help in creating a positioning statement. De Beers use the slogan "Diamonds are forever". One reputed paid manufacturer uses slogan "Where-ever you see a colour, think of us."

(I) Choices of Various Media for Advertising:

Commercial advertising media can include wall paintings, billboards, street furniture components, printed flyers, radio, cinema and television ads, web banners, web popups, skywriting, bus stop benches, magazines, newspapers, town criers, sides of buses, taxicab doors and roof mounts, musical stage shows, subway platforms and trains, elastic bands on disposable diapers, stickers on apples in supermarkets, the opening section of streaming audio and video, and the backs of event tickets and supermarket receipts. Any place

"identified" sponsor pays to deliver their message through a medium is advertising. The various media for Advertising can be broadly classified into six categories.

Which are explained as below:
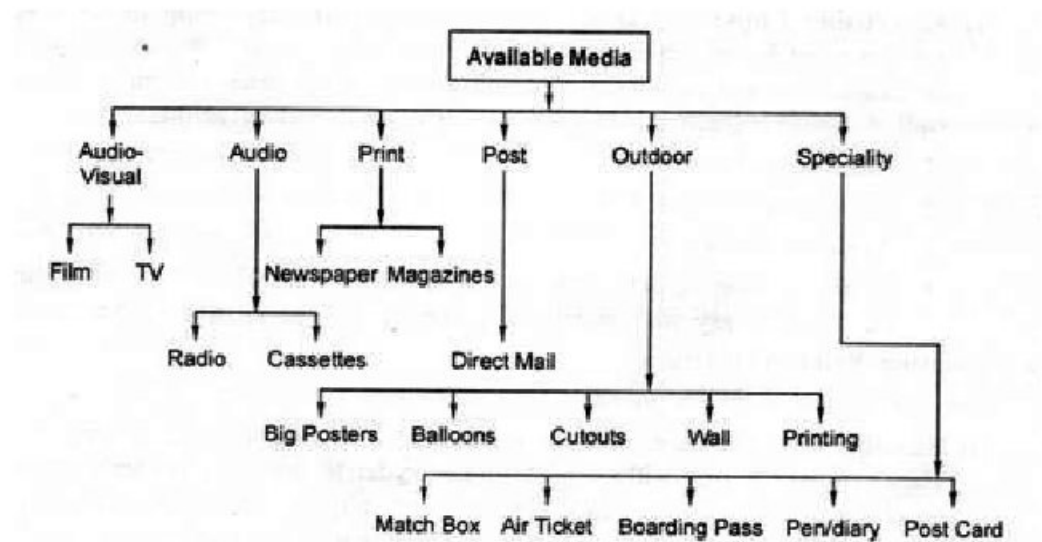
Fig. 7.7 Advertising Media

(j) Media—Spending Planning:

While Planning various combination of ad-exposures, if TV ad is clubbed with print ad, it gives greater impact. Print offers the crucial benefit of focus, limited by its very nature to the literate. According a market surveys, TV is just 5% ahead of Print, in terms of each in the socioeconomic classes. Print reaches to 20 crore people and with literacy levels rising, the penetration of print is growing.

For reach and awareness TV is the best. In case of the target audience is either the middle market mass, is dominated by women, the unemployed or the relatively less educated— TV delivers the best results. Print serves the up market, the better educated and the predominantly male segments more effectively.

Test Your Progress

1. Explain the types of advertising research in brief.

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2. Explain advertising research as a promotional tool.

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3. Explain advertising media:

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7.7 Difference Between Market Research And Marketing Research

Many people use the terms Market research and marketing research interchangeably. But there's a difference between the two.

Market research refers to research that pertains to, well, *markets*. This is where one will dig into things like market trends (political, economic, social, technology, etc.), market players (e.g. direct and indirect competition), target market attributes, customer wants and needs, etc. Broadly speaking, market research is a broader phrase than marketing research

Marketing research, on the other hand, involves research related to marketing. Examples include advertisement testing, product concept testing (e.g. usability testings), pricing research, channel research, etc.

Market & Marketing Research

Fig. 7.8 Market Research Vs. Marketing Research

The difference between the two can be seen more clearly with the help of the table given below:

Basis	Marketing research	Market research
Difference in approach	In marketing research needs qualified data related to products/services and current customers then M.R will apply.	More information about the market situation, non-current customer, competitive or substitutes.
In side-out side information.	Appropriate in inside information research. (company)	Appropriate in out side information research. (new market)
Qualitative or quantitative.	Quantitative research use in depth information about- the customers, interviews, taste offer with feed back, follow up the consumers and its behavior.	Qualitative information related to country specification, market potential, and accessibility. Overall customer information –(who, what, when, where, & how)

Table 7.1 Marketing Research Vs. Market Research

7.8 Merits Of Advertising Research

Some merits of advertising research are:

Easy Detection Of Market Problems And Opportunities

The first and primary advantage of marketing research is that it give complete information about the market. It give details regarding the marketing opportunities about the product which decides its success or failure. Apart from this it also helps in identifying the competitive nature of the market, whether customers are satisfied or not, the sales level of the company and also the channel of distribution used.

Helps In Marketing Strategies Formulation

Doing business today is a very difficult task as it requires to conduct deep marketing research acquiring knowledge. Also, today business is not conducted only at a local level but at a global level which involves a very difficult task of managing a large number of customers and various channels used for distribution. And above all, it is a very difficult task to predict people needs. The marketing information gathered through marketing research helps in the easy formulation and implementation in pre-decided strategies.

Understanding Of Customer Needs

Today the success of every business depends on its customers and therefore nowadays marketing activities are customer targeted. Marketing research play a very effective role in collecting the information regarding the customer wants which help in designing the product accordingly so that the customer need and wants can be satisfied easily.

Improve Sales Performance

Every company performance is measured by its sales level. Sales level clearly depicts the performance level of the company in the market. Marketing research helps in understanding the sales territories and analyzing the sales force effectiveness. And if any problem is detected it helps in taking actions accordingly thereby helps in increasing the sales volume.

Helps In Launching Of New Products

Marketing research plays a very effective role in determining the success or failure of the new product to be launched in the market. It facilitates and makes it possible for testing of the upcoming product in a market on a small scale and also help in getting the response of the customers regarding the new product. So it basically lowers the risk involved in the launching of a new product.

Helps In Evaluating The Export Potential

Nowadays business is not conducted at a local level only but at a world level. Foreign trade serves as the best source of earning a large amount of income.

But doing business on an international level requires conducting a large amount of research and gathering information.

Marketing research helps in evaluating the export potential of the company product. It aims at collecting information from customers from different countries which helps in predicting export potential.

Support The Management In Decision Making

Managers at the top-level require all relevant information before making any decision. Unless and until all required relevant information is supplied to the management team their functions are useless. Marketing research plays a very effective role in the supply of all current and accurate information to the management team.
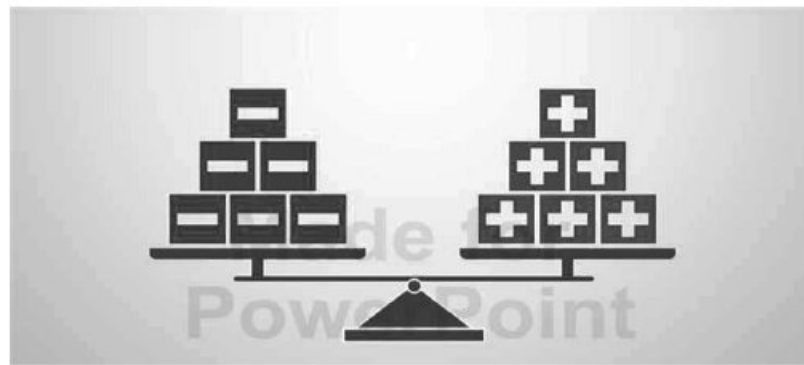
Fig. 7.9 Merits and demerits of advertising research

7.9 Demerits Of Advertising Research

Some of the demerits of advertising research are:

Costly : Marketing research is a costly affair. It needs a lot of money to conduct various market research activities. Huge funds are required to pay salaries, prepare questionnaires, conduct surveys, prepare reports, etc. It is not a viable choice for small businesses. It is suitable only to large companies who can afford its cost.

Time consuming : Marketing research is a lengthy and time-consuming process. This process involves many important steps. All these steps are crucial and not even a single step can be neglected or avoided. In other words, there are no short-cuts in MR. Generally, it takes at least three to six months to solve a marketing problem. Therefore, it cannot be used in urgent or emergency situations.

Limited scope : Marketing research solves many business-related problems. However, it cannot solve all business problems. It cannot solve problems

related to consumer behavior, income and expenditure relationship, etc. Thus, its scope is limited.

Limited practical value : Marketing research is only an academic exercise. It is mainly based on a hypothetical approach. It gives theoretical solutions. It does not give realistic solutions to real-life problems. Its solutions look good on paper but are harder to implement in a real sense. Thus, it has a limited practical value.

Can't predict consumer behavior : Marketing research collects data about consumer behavior. However, this data is not accurate because consumer behavior cannot be predicted. It keeps on changing according to the time and moods of the consumers. Consumer behavior is also very complex. It is influenced by social, religious, family, economic and other factors. It is very difficult to study these factors.

No accurate results : Marketing research is not a physical science like physics, chemistry, biology, etc. It is a social science. It studies consumer behavior and marketing environment. These factors are very unpredictable. Therefore, it does not give accurate results. It gives results, but it cannot give 100% correct results.

Provides suggestions and not solutions : Marketing research provides data to the marketing manager. It guides and advises him. It also helps him to solve the marketing problems. However, it does not solve the marketing problem. The marketing manager solves the marketing problems. So, MR only provides suggestions. It does not provide solutions.

Non-availability of technical staff : Marketing research is done by researchers. The researchers must be highly qualified and experienced. They must also be hard-working, patient and honest. However, in India, it is very difficult to find good researchers. Generally, it is done by non-experienced and non-technical people. Therefore, MR becomes a costly, time-consuming and unreliable affair. So, its quality is also affected due to non-availability of technical staff.

Fragmented approach : Marketing research studies a problem only from a particular angle. It does not take an overall view into consideration. There are many causes for a marketing problem. It does not study all causes. It only studies one or two causes. For example, if there is a problem of falling sales. There are many causes for falling sales; like, poor quality, high-price, competition, recession, consumer resistance, etc. It will only study two causes viz; low-quality and high price. It will not study other causes. So, it is not a reliable one.

Can be misused : Sometimes, marketing research is misused by the company. It is used to delay decisions. It is used to support the views of a particular individual. It is also used to grab power (managerial) in the company.

Non-availability of reliable data : The quality of the marketing research report depends on the quality of the collected data. If the data is complete, up-to-date and reliable, then the MR report will also be reliable. However, in India, it is very difficult to get full, latest and trustworthy data. So, non-availability of a reliable data is also its limitation.

Resistance of marketing managers : The marketing managers do not use the suggestions given in the marketing research report. Primarily, they feel that these suggestions are not practical. Secondly, they also feel that their importance will become less if they use these suggestions. There is a conflict between the marketing managers and the researchers.

Limitations of Marketing Research

1. Marketing Research (MR) is a costly affair.
2. It is also lengthy and time-consuming.
3. It has a limited scope.
4. It has a limited practical value.
5. It can't predict consumer behavior.
6. It can't give 100% accurate results.
7. It provides suggestions and not solutions.
8. Non-availability of qualified and experienced staff.
9. It uses a fragmented approach.
10. It can be misused.
11. Non-availability of a reliable data.
12. It is resistant to marketing managers.

Fig. 7.10 Limitations of Marketing Research

Test Your Progress

1. State any three merits of advertising research.

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2. State any three demerits of advertising research.

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7.10 <u>Summary</u>

Advertising is the part of your <u>marketing</u> plan that uses paid, non-personal messages. These messages are designed to reach large groups of customers and sell your products or services.

Like all forms of marketing, your advertising will be most successful if it's based on high-quality research. This should be a regular part of your <u>market research</u> strategy.

Advertising research is a specialized form of market research which aims to discover which ads will be most effective with the existing and potential customer base. It does this both through detailed research before a campaign and by analyzing the success of the campaign.

The aim of advertising research is to understand your customers and their motivations better so that you can produce better ads that demonstrate why *your* product meets *their* needs. Once you have an understanding of the people you are targeting, an analysis of the campaign will tell you how successful the campaign was, and help you to iterate your campaigns to continually improve results.

Pre-testing advertising research is carried out to test the ads before the launch of the advertising campaign. Pre-testing research is an important part of the advertising research, as it decides the key points on which the brand will be built. It factors in preferences of the consumers, public surveys, and finding out the target audience's reaction to the brand. The other is the post-testing advertising research, which is carried out after the launch of the advertising

campaign. They get the feedback of the campaign that they have launched. This helps the company to know how effective the advertising campaign has been.

7.11 <u>Test Your Progress</u>

1. What do you understand by advertising research? State its scope.

2. What are the essentials to advertising research?

3. State any four objectives of advertising research.

4. What is the concept of advertising research?

5. What is the importance of advertising research?

6. Explain the process of advertising research.

7. Explain the two types of advertising research.

8. Explain the following in brief:

a. Target Market

b. Response to Ads

9. How do you use advertising as a promotional aid?

10. State any four merits of advertising research.

11. State any four demerits of advertising research.

12. Differentiate between market and marketing research.

7.12 <u>Suggested Readings</u>

1. www.business2community.com

2. www.yourarticlelibrary.com

3. www.wikipedia.org

4. www.businessmanagementideas.com

5. www.itsaugust.com

6. www.thebalancesmb.com

7. www.happy-creative.co.uk

8. www.thinkturquoise.com

9. www.kalyan-city.blogspot.com

10. www.commercemates.com

UNIT 8 : ADVERTISING CONCEPT

Unit Structure

8.0 Objectives

8.1 Introduction

8.2 Development of advertising concept

8.3 Selection of advertising concept

8.4 Importance of advertising concept

8.5 Five M's of advertising

8.6 Selection of advertising message

8.7 Building an advertising copy

8.8 Factors related with copy strategy

8.9 Merits of advertising concept

8.10 Demerits of advertising concept

8.0 Objectives

After completing this unit you will be able to :

- ➤ Learn in depth about advertising concept
- ➤ Understand how an advertising concept is developed
- ➤ Get to know about the selection of an advertising concept
- ➤ Know about the importance of advertising concept
- ➤ Learn about the selection of an advertising message
- ➤ Understand the concept of building an advertising copy
- ➤ Learn about the factors related with copy strategy
- ➤ Get to know about the merits and demerits

8.1 Introduction

Advertising is crucial in marketing but is also equally important and essential to social, cultural and political aspects of our lives. Advertising is defined differently by various authorities and the institutions dealing with its subject.

The term 'Advertising' originates from the Latin word 'Adverte' which means "to turn the mind towards." The dictionary meaning of the term advertising is "to give public notice or to announce publicity." Advertising acts as a marketing vehicle and is useful for drawing the attention of people (prospects) towards a particular product or service.

The American Marketing Association (AMA) defines advertising as, "Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor."

AMA's definition of advertising suggests:
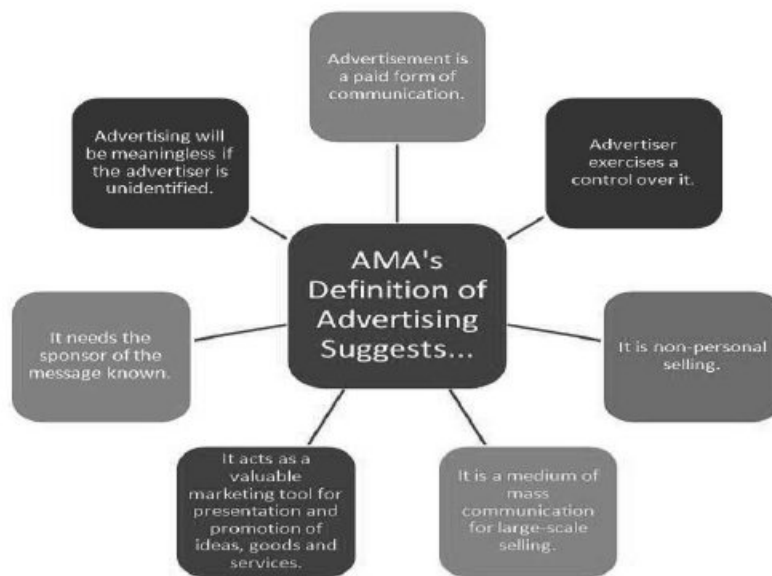
Fig. 8.1 Suggestions of AMA's Definition

8.2 Development of Advertising Concept

Advertising is a means of creating awareness and promoting a product or service in the market. It is a paid form of communication to inform the public about an idea, good or service. Advertising is a market communication intended to influence people's actions and persuading them to buy or try the product.

This is one of the effective promotional tool of an organization for promoting its product among the target audience. It spreads the promotional message containing full details about the product among the customers. Advertising is a one-way communication by which organizations communicate with people by paying charges to an advertising company.

Advertising is of different kinds depending upon the type of medium used for communication such as print advertising, social advertising, outside advertising, broadcasting advertising, etc. There are three main motives of

advertising: informing potential customers about brand, persuading people for buying brand products and reminding customers from time to time about brand message and vision.

8.2.1 Features Of Advertising Concept

The main features of advertising are:

1. **Provides information:** Advertising's primary purpose is to provide information about products or services to prospective buyers. The details of products such as features, uses, prices, benefits, manufacturer's name, so on; are in the advertisements. The key message and brand name are also there. The information supplied educate and guide consumers and facilitate them to make a correct choice while buying a product.

2. **Paid communication:** Advertising is a form of paid communication. The advertiser pays to the media for giving publicity to his AD message. He also decides the size, slogan, etc. given in the advertisement.

3. **Non-personal presentation:** Advertising is non-personal in character as against salesmanship, which is a personal or face to face communication. Here, the message is given to all and not to one specific individual. This rule is applicable to all media including the press. However, even in it, target consumers or target market can be selected for making an AD appeal.

4. **Publicity:** Advertising publicizes goods, services, ideas and event events. It is primarily for giving information to consumers. This information is related to the features and benefits of goods and services of different types. It offers new ideas to customers as its contents are meaningful. The aim is to make the popularize ideas and thereby promote sales. For example, an advertisement for family planning, family welfare, and life insurance is useful for placing new ideas before the people.

5. **Primarily for Persuasion:** Advertising aims at the persuasion of potential customers. It attracts attention towards a particular product, creates a desire to have it, and finally induces consumers to visit the market and purchase the same. It has a psychological impact on consumers. It influences their buying decisions.

6. **Target oriented:** Advertising becomes effective and result-oriented when it is target oriented. A targeted advertisement intensively focuses on a specific market or particular groups of customers (like teenagers, housewives, infants, children, etc.). Here, the selection of a particular market is called a target market.

7. **Art, science and profession:** Advertising is art, science and a profession, and this is now universally accepted. It is an art as it needs creativity for raising

its effectiveness. It is a science as it has its principles or rules. It is also a profession as it has a code of conduct for its members and operates within standards set by its organized bodies. In its field, AD Agencies and space brokers function as professionals.

8. The element of a marketing mix: Advertising is an important part of a marketing mix. It supports the sales promotion efforts of the manufacturer. It makes a positive contribution to sales promotion provided other elements in the marketing mix are reasonably favourable. It is alone inadequate for promoting sales.

9. Creativity: Advertising is a method of presenting a product in an artistic, attractive and agreeable manner. It is possible through the element of creativity. The creative people (professionals) introduce creativity in advertisements. Without it, the Ads won't succeed. Therefore, creativity is called the 'Essence of Advertising.'

Features of Advertising

1. Provides information about products or services to prospective buyers.

2. Advertising is a Paid form of communication.

3. Non-personal presentation since the message is given to all and not to one specific individual.

4. Advertising publicizes goods, services, ideas and event events.

5. Advertising primarily aims at the persuasion of potential customers.

6. Advertising becomes effective and result-oriented when it is target oriented.

7. Advertising is art, science and a profession, and this is now universally accepted.

8. Advertising is an important part of a marketing mix.

9. Advertising needs Creativity and is called the essence of advertising.

Fig. 8.2 Features Of Advertising

8.2.2 Purpose of Advertising

Advertising facilitates large-scale marketing. It is a medium of mass communication. Manufacturers supply information about new products through it. The fact that companies spend millions of dollars on it through TV, radio, the internet, and newspapers indicate its benefits in sales promotion.

Advertising is within the scope of a promotion, which is one element in the marketing mix. It is getting popularity in the present highly competitive and consumer-oriented marketing. All products old and new, consumer and durable, cheap and costly need extensive advertising for sales promotion and customer support. Latest communication techniques now are used for making it more attractive and agreeable.

The purpose of advertising is to sell something - a product, a service or an idea. The real objective of advertising is effective communication between goods and clients and increasing awareness. Mathews, Buzzell, Levitt and Frank have listed some specific objectives of advertising.

- To make an immediate sale.
- To build primary demand.
- To introduce a price deal.
- To build brand recognition or brand insistence.
- To help salesman by building an awareness of a product among retailers.
- To create a reputation for service, reliability or research strength.
- To increase market share.

Fig. 8.3 Main Purpose Of Advertising

Marketing and advertising concepts can be approached in very different ways. Subjects dealing with negative aspects of life have to be approached more sensitively than a funny subject.

The advertising concept is basically the framework in which the campaign has to be situated. Important points to consider are consumer benefits (for example: This shop sell Cds), the reason why (for example: This shop is the cheapest) and the tonality (for example: the use of teasing words in campaign slogans). The more an ad includes criteria like catching of interest, relevance, credibility, retentivity, continuity the more it will be successful. The target group plays an important role as well.

8.2.3 Strategies to Catch Attention/Interest

Below are some strategies through which the advertisements can grab the attention of potential buyers and can retain its customers as well:

1. Emotion related subjects

A subject, which means also a brand name, can be remembered more easily if the mind finds itself in an emotional excited state.

2. Repeating of an ad

It is in the human nature to remember a message consciously after seeing it in average seven times. That's why some brands focus on a repeated showing of the ad.

3. Celebrity presents product

Having a celebrity promoting a product can have the effect that people think this product is mainly used in a higher class society and therefore increases the attractiveness of achieving it.

4. Expert knowledge

Testimonials of product users or/and experts. For instance, "three out of four dentists recommend..." Showing science is convincing as well. This is usually shown troughout micro-scopical photos, white coats or charts.

5. Artificial lack

Through the strategy of pretending artificial lack advertising seeks to make people buy quickly without giving them time to think about.

6. Use of avatars

Avatars representing certain characteristics are used. For example, a housewife receives the cleaning product Mr. Clean with a male avatar. She can project a very attractive characteristic onto this avatar and finally the product.

8.3 Selection Of Advertising Concept

Advertising is the paid, non-personal communication of information about products or ideas by an identified sponsor through the mass media in an effort to manipulate customer behaviour. Advertising is non-personal because it's a fantasy created by a computer that selects one part of the target audience. It communicates information about products or ideas.

Advertising can be classified on the basis of **Function, Region, Target Market, Company demand, Desires Responses** and **Media.**

1. Classification Based On Function:

Advertising performs some functions. (a) It can inform the customers about a product, service, or idea. (b) It can persuade the consumers to buy products, services, and ideas. (c) It can remove cognitive dissonance from the minds of the customers to reinforce the feeling that they have bought the best product, service, or idea and their decision is right. (d) It can remind existing customers about the presence of the product, service, or idea in the market till now. (e) It can dissuade the public at large from buying certain products or services that are harmful for them.

2. Classification Based On Region:

Based on region, advertisements can be classified in the following manner:

Global advertising It is executed by a firm in its global market niches. Reputed global magazines like Time, Far Eastern Economic Review, Span, Fortune, Futurist, Popular Science. Cable TV channels are also used to advertise the products through out world. Examples: Sony, Philips, Pepsi, Coca Cola, etc.

National advertising It is executed by a firm at the national level. It is done to increase the demand of its products and services throughout the country. Examples: BPL (Believe in the best). Whirlpool Refrigerator (Fast Forward Ice Simple) etc.

Regional advertising If the manufacturer confines his advertising to a single region of the country, its promotional exercise is called Regional Advertising. This can be done by the manufacturer, wholesaler, or retailer of the firm. Examples: Advertisements of regional newspapers covering those states or districts where these newspapers are circulated. Examples. The Assam Tribune (only for the NE region) etc.

Local advertising When advertising is done only for one area or city, it is called Local Advertising. Some professionals also call it Retail Advertising. Examples: Advertisements of Ooo la la, Gupshup (Local FM channels) etc.

3. Classification Based On Targeted Markets:

Depending upon the types of people who would receive the messages of advertisements, we can classify advertising into four subcategories.

Consumer product advertising This is done to impress the ultimate consumer. An ultimate consumer is a person who buys the product or service for his personal use.

Industrial product advertising: This is also called Business-to-Business Advertising. This is done by the industrial manufacturer or his distributor and is so designed that it increases the demand of industrial product or services manufactured by the manufacturer. It is directed towards the industrial customer.

Trade advertising This is done by the manufacturer to persuade wholesalers and retailers to sell his goods. Different media are chosen by each manufacturer according to his product type, nature of distribution channel, and resources at his command.

Professional advertising This is executed by manufacturers and distributors to influence the professionals of a particular trade or business stream. These professionals recommend or prescribe the products of these manufacturers to the ultimate buyer.

Financial advertising Banks, financial institutions, and corporate firms issue advertisements to collect funds from markets. They publish prospectuses and application forms and place them at those points where the prospective investors can easily spot them.

4. Classification Based On Company Demand:

There are two types of demand, as follows:

(A) Market Demand: Advertising is the total volume that would be bought by a defined customer group, in a defined geographical area, in a defined time period, in a defined marketing environment under a defined marketing programme.

(B) Company Demand: It is the share of the company in the market demand.

Accordingly, there are two types of advertising, as follows:

Primary demand advertising It is also called Generic Advertising. This category of advertising is designed to increase the primary demand. This is done by trade associations or groups in the industry.

Selective demand advertising This is done by a company or dealer to increase the company demand. The company would advertise its own brand only. The retailer can also advertise a particular brand.

5. Classification based on desired responses:

Desired responses can be further classified in the following three types:

Direct action advertising This is done to get immediate responses from customers. Examples: Season's sale, purchase coupons in a magazine.

Indirect action advertising This type of advertising exercise is carried out to make a positive effect on the mind of the reader or viewer. After getting the advertisement he does not rush to buy the product but he develops a favourable image of the brand in his mind.

Surrogate advertising This is a new category of advertising. In this type of promotional effort, the marketer promotes a different product. For example: the promotion of Bagpiper soda. The firm is promoting Bagpiper Whisky, but intentionally shows soda. They know that the audience is quite well aware about the product and they know this fact when the actor states, "Khoob Jamega Rang Jab Mil Baithenge Teen Yaar ... Aap ... Main, Aur Bagpiper".

6. Classification based on the media used for advertisements:

The broad classification based on media is as follows.

Audio advertising It is done through radio, P A systems, auto-rickshaw promotions, and four-wheeler promotions etc.

Visual advertising It is done through PoP displays, without text catalogues, leaflets, cloth banners, brochures, electronic hoardings, simple hoardings, running hoardings etc.

Audio-visual It is done through cinema slides, movies, video clips, TV advertisements, cable TV advertisements etc.

Written advertising It is done through letters, fax messages, leaflets with text, brochures, articles and documents, space marketing features in newspapers etc.

Internet advertising The world wide web is used extensively to promote products and services of all genres. For example Bharat Matrimony, www.teleshop.com, www.asianskyshop.com etc.

Verbal advertising Verbal tools are used to advertise thoughts, products, and services during conferences, seminars, and group discussion sessions. Kinesics also plays an important role in this context.

Classification of Advertising

Function	Region	Demand	Target Martket	Desired Response	Media
Informative Persuasive Reminder Negative	Global National Regional Local	Primary demand Selective demand	Consumer product Industrial product Trade Professional Financial	Direct Action Indirect Action Surrogate	Audio Visual Audio-visual Written Internet Verbal

Fig. 8.4 Classification Of Advertising

Test Your Progress

1. Briefly explain advertising concept.

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2. Explain the features of advertising.

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3. What are the different basis of classifications for the selection of advertising concept?

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8.4 Importance Of Advertising Concept

Importance of advertising to the customers, business, distributors and society are:

A. To The Customers:

Convenience: Targeted informative advertisements make the customer's decision making process easier as they get to know what suits their requirements and budget.

Awareness: Advertising educates the customers about different products available in the market and their features. This knowledge helps customers compare different products and choose the best product for them.

Better Quality: Only brands advertise themselves and their products. There are no advertisements for unbranded products. This ensures better quality to the customers as no brand wants to waste money on false advertising.

B. To The Business:

Awareness: Advertising increases the brand and product awareness among the people belonging to the target market.

Brand Image: Clever advertising helps the business to form the desired brand image and brand personality in the minds of the customers.

Product Differentiation: Advertising helps the business to differentiate its product from those of competitors' and communicate its features and advantages to the target audience.

Increases Goodwill: Advertising reiterates brand vision and increases the goodwill of the brand among its customers.

Value For Money: Advertising delivers the message to a wide audience and tends to be value for money when compared to other elements of the promotion mix.

C. To the Distributors

Easy Selling: By advertising, prospective buyers become already aware of the product, its price, method of using, benefits from the product. It is easier for the distributors and salesmen to sell well-advertised products.

No Need of Advertising by Distributors: The wholesalers and retailers need not spend much on advertising a product which is already well-advertised by manufacturer. It helps in reduction of selling expenses of distributors.

Increase in Sales and Profits: Advertising ensures quick turnover of stock, more sales, less chances of obsolete stock, hence more profits for retailers, wholesalers and distributors.

Ensures Regular Sales: Well-advertised products can be sold throughout the year. In off season periods, various sales promotion schemes are communicated to target audience through advertising.

D. To the Society

Increase in Standard of Living: Standard of living means consumption pattern of masses living in an economy. Advertising provides better quality products at cheaper rates; it introduces new products, it creates demand for convenient and luxury goods. All this promotes standard of living.

Increase in Employment: Advertising promotes both direct and indirect employment. In case of direct employment, it provides employment to all those persons who are engaged in preparing and executing advertisements. Advertising creates demand, which requires increased production. This increased production creates more employment opportunities and hence advertising expands indirect employment.

Increase in National Income/Economic Growth: Advertising creates demand, finds markets for new-products, increases propensity to consume among public. All this leads to higher production in the economy, which leads to increase in economic growth of the country and increase in national income.

Increase in Exports: Advertising helps the manufacturer to sell their products in the international markets. When goods are sold in international markets, exports increase resulting in more inflow of foreign exchange in the country.
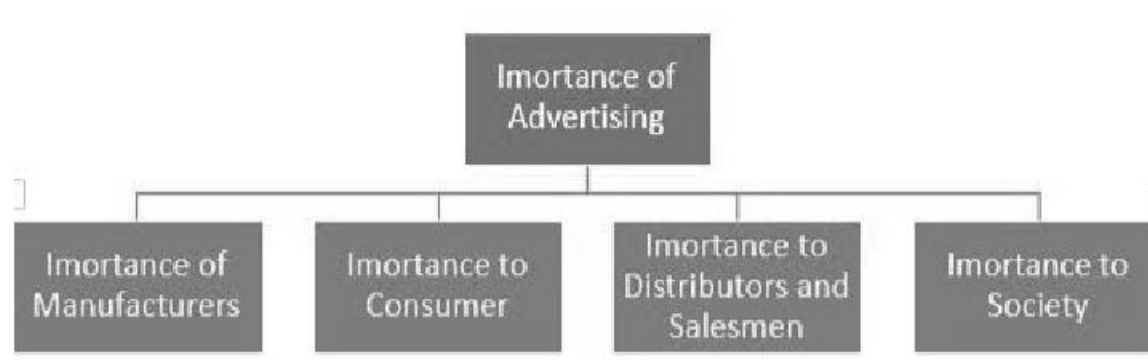
Fig. 8.5 Importance Of Advertising

8.5 Five M's Of Advertising

The decision making in advertising is a five-step process. It is called 'Five M's of Advertising.' It consists of: Mission, Money, Messaged, Media and Measurement.

Evaluation and broad decisions need to be taken in regard to these five areas while organizing an advertising program or campaign.

The five M's of Advertising on which an advertiser has to make decisions are briefly discussed below:

1. Mission:

Mission refers to the purpose or objective of advertising. These goals vary in character and mainly include: Sales promotion, Information and guidance to consumers, Developing brand loyalty, Market goodwill, Facing market competition effective, Making the products popular or successful, and the introduction of a new product in the market.

The decision in regard to mission or objective is a basic one, and all other decisions get adjusted according to it. For consumer products like chocolate, toothpaste, soap, etc., the mission or objective includes facing market competition, sales promotion and to make a product successful in the market.

2. Money:

Money refers to the finance provided for advertising purpose. It makes an AD budget. It means the budget allocation made by the company for running the entire operation of AD Campaign. Money provided is a limiting factor because the effectiveness of advertising, media used, coverage of advertising, etc. are all related to the funds provided for running advertisements. Advertising is a costly affair, and companies have to spend millions of dollars on it. It should always be within the limits of funds provided. Naturally, decisions in selecting an advertising package should be properly adjusted to the allocated AD budget.

Consumer products like toothpastes or chocolates are highly competitive with many substitutes readily available in the market. Naturally, extensive advertising on TV, newspapers, radio, etc. is required. These media are costly. So, the manufacturing or marketing company will have to provide huge money for advertising purpose.
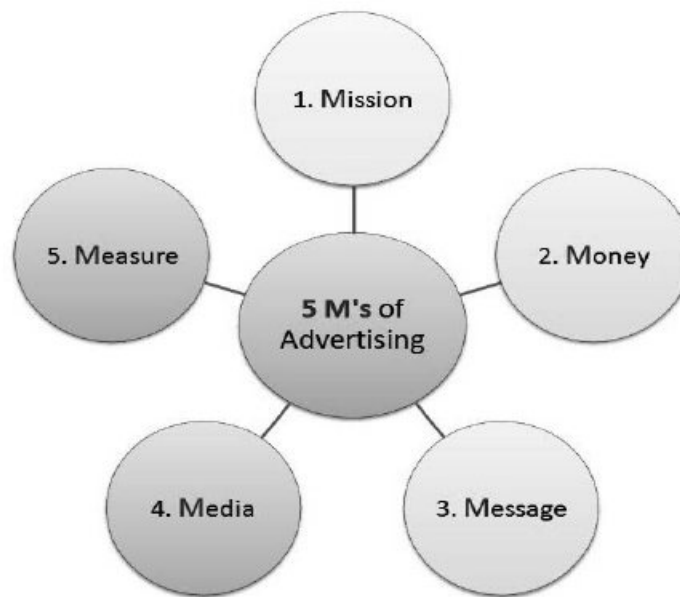
Fig. 8.6 Five M's Of Advertising

3. Message:

The message gets delivered through the text of an advertisement. It is passed through written words, pictures, slogans, and signs. It is for the information, guidance and motivation of prospective buyers. Attractive and meaningful messages give positive results, and the advertising becomes result-oriented. For this, the services of creative writers, artists, etc., are used to give an appealing message to the consumers.

Here, the advertiser has to decide:

a. How to deliver the message?

b. Which media to use for communicating the message?

c. What would be the extent of creativity?

d. Which specific customer group be targeted with the message, so on.

The AD message is related to the decisions taken in regards to the mission, and money provided for the purpose of advertising.

For advertising consumer product like chocolate, the message is important for its success. Chocolate is favored mainly by children and teenagers. The message should be such that it is beneficial and appealing to the younger minds. It must have a promise of a taste pleasure and satisfaction as expected by the younger generation. The AD message should be simple and easily understandable with the help of a picture or slogan. It should also be attractive

and agreeable to the younger generation. The pictures or slogans used should be short and impressive.

4. Media:

The advertiser has to take a crucial decision about selecting a proper media for an advertising purpose. Media differ as regards to cost, coverage, effectiveness or impact, etc. The selection of media depends on the budget provided, products getting advertised, and features of prospective buyers, so on. A wrong decision on media may make entire advertising ineffective and money spent on it will be wasted. Therefore, a media should be properly selected, and decision in this regard is essential and critical.

For advertising popular and extensively used consumer items like chocolate, the media should be selected properly. Cartoon TV channels, comic books, newspapers supplement meant for kids, etc., should be preferred.

5. Measurement:

Measure relates to the effectiveness of advertising. An advertiser will like to evaluate advertisement in order to judge its effectiveness. If an advertisement is not effective, it will be modified or withdrawn. It is necessary for avoiding expenditure on the advertisement that is not purposeful or is not likely to give any positive results. An advertiser has to measure the effectiveness of his ad program or campaign and take suitable decisions. This decision-making as regards effectiveness of advertisements is equally important and essential. Such testing facilitates an introduction of appropriate remedial measures if required.

For measuring effectiveness of chocolate advertising, the post advertising sale is one major consideration. Demand creation in new market segments or new age groups is another factor in the measurement of an ad effectiveness. Even the success of a sales promotion program is useful for measuring the effectiveness of an advertisement.

Test Your Progress

1. What is the importance of advertising concept?

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2. Explain:

a. Mission:

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b. Media:

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8.6 Selection Of Advertising Message

Advertising campaigns vary in their creativity. In developing a creative strategy, advertisers follow four steps: message generation, message evaluation and selection, message execution, and social responsibility review.

1. Message Generation

The product's "benefit" message should be decided as part of developing the product concept. Yet there is usually latitude for a number of possible messages. Over time, the marketer might want to change the message, especially if customers seek new or different benefits from the product.

Creative people use several methods to generate possible advertising appeals. Many creative people proceed inductively by talking to consumers, dealers,

experts, and competitors, while others use a deductive framework. Regardless of the process, how many alternative ad themes should the advertiser create before choosing? The more ads that are created, the higher the probability of finding an excellent one. Yet this is a balancing act, because the more time spent on creating alternative ads, the higher the costs, even with the use of computerized tools to create rough versions of ads.

Fig. 8.7 Developing Advertising Strategy

2. Message Evaluation and Selection

A good ad normally focuses on one core selling proposition. Twedt suggested that messages be rated on desirability, exclusiveness, and believability.

3. Message Execution

The message's impact depends not only upon what is said but also on how it is said. Some ads aim for rational positioning and others for emotional positioning. Message execution can be decisive for highly similar products, such as detergents, cigarettes, coffee, and vodka.

In preparing an ad campaign, the advertiser usually prepares a copy strategy statement describing the objective, content, support, and tone of the desired ad. Creative specialists must also find a cohesive blend of style, tone, words, and format for executing the message. Any message can be presented in a number of execution styles: slice of life, lifestyle, fantasy, mood or image, musical, personality symbol, technical expertise, scientific evidence, and testimonial.

4. Social Responsibility Review

Advertisers and their agencies must be sure their "creative" advertising does not overstep social and legal norms. Most marketers work hard to communicate openly and honestly with consumers. Still, abuses occur, and public policymakers have developed a substantial body of laws and regulations to govern advertising. Some companies have begun building ad campaigns on a platform of social responsibility.

8.7 Building an advertising copy

Ad copy is the written word in all advertising communications. Without compelling copy, advertisements will fail to generate the sales, engagement, or excitement that it needs to in order to be successful and increase your advertising return on investment (ROI). It's also important online, where writing consistently good copy helps to increase your search engine optimization (SEO) efforts and get your company/product found in search results.

Here are 7 steps to produce outstanding ad copy for your company:

1. Research Your Audience

Knowing your audience is important in building great copy. Thoroughly research your target audience and generate a character profile based on what you find. A character profile is a description of your typical customer—What their wants and needs are, what they're interested in and where they go online, and how they like being communicated with and the types of language that's most effective with them.

2. Define Your Goal

You must decide based on your research what kind of engagement/conversion goals you want your ad to have. You may just want to increase general brand awareness in certain markets, but setting goals let you know what you need to track in order to gauge the effectiveness of your ad campaigns and the copy you write. A campaign without metrics to track it is just guesswork, and you won't be successful if you don't know what works for you.

3. Headline

The headline is the most important part of writing outstanding copy for online communications especially. It's what gets the user to look at what you wrote in the first place, and if it's compelling enough to cut through the clutter, then you can get your message to more people. If you are able to, A/B testing different headlines to see which are most effective will help you to increase your engagement and get your message read.

4. Identify Your Main Differentiator

What makes your product/service/company so great? Find your unique selling proposition; the one characteristic that puts you over the top and tailor the wording to your intended audience. By doing so, you say what you can offer them in a way that gets their attention. This statement should be concise and compelling; don't crowd your unique selling proposition with fluff or excess words.

5. So What?

Otherwise known as they "Why" of your copy. Why should they buy/think the way you want them to? Let the target audience know why your unique selling proposition is important to them. This can be part of your Call to Action (CTA), or before it, but you want to go big here. Make your 'So What' engaging and unique, but don't get to fancy with it. If you use too much humour or get too fancy with your copy, you could lose the interest of your audience and get distracted from making the sale. Your copy is important, take time to develop it around your main differentiator.

6. Focus and K.I.S.S It

This is not another step entirely, but a mentality to keep throughout your copywriting process. Make sure your message is focused and simple to understand. If your copy is too hard to understand, your target audience will lose focus as well. Bad stuff.

K.I.S.S is the concept of Keeping It Simple, Stupid, which is a design principle that avoids unneeded complexity in many forms of communication, including advertising. Include every word that needs to be in your ad copy, and not a word more. A definite way to see if you're including too much is to test different versions of copy against each other, and measure the conversions of each to see which version is more effective with your target audience.

7. Call to Action (CTA)

There's enough information out there on CTAs to probably fill a whole book, but what's important is that you have a call to action based on the goals that you set in the beginning. The call to action is what you want your target audience to do, whether it's read more, buy now, or sign up. Your call to action is important in increasing your conversions, so writing a really concise but awesome CTA is important for your copywriting success.

Test Your Progress

1. Explain the selection of advertising message.

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2. What are the steps to building an advertising copy?

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8.8 Factors Related With Copy Strategy

An advertising copy must be based on the following factors:

(i) Is advertising believable?

(ii) Is advertising reliable?

(iii) Does it appeal to the consumers' needs and wants?

(iv) Does it explain the benefits of a product realistically?

(v) Is it based on creativity? etc.

An advertising copy or message has to be designed by identifying the target audience. What are the audience needs? attitudes? preferences? It is very difficult to pinpoint various factors in detail, because much depend on the perception, attitude and social status of the audience.

The aim of advertising copy is that it shall be seen, read, the messages conveyed, and then acted upon. It is necessary that an advertisement copy creates curiosity in the mind of the prospect, invites his attention, produces an impression on his memory and turns his impressions into convictions.

1- Understanding The Client's Brief

The very first step is understanding the client's brief. You have to be aware of the product you will be promoting and the message the client or brand wants to deliver to its consumers. It is a common problem that sometimes briefs tend to be vague, don't be afraid to ask questions so you can get a cleared image of what you will be working on.

2- Know Your Audience

When it comes to creating an advert, the first thing you have to think about is the audience. You have to think about your target audience and how you can create something that they can relate to. Knowing your audience is the key; think of an idea that will be acceptable by both your target audience and others who will come across your advert to avoid any possible backlash.

3- Think Different

The advertisements' world requires creativity, this is what every brand tries to present. A creative advert guarantees success. Always broaden your mind, never limit your thoughts, look for different sources of inspiration, and search for similar brands and how they present an idea.

4- Don't let Creativity Ruin Relevancy

As much as an advert should be creative, it has to remain relevant to the product and its purpose. We have seen some adverts that grab the attention ad creative but failed to serve the brand's goal and message and were irrelevant to the brand. Relevancy is necessary; your advert must match the brand and must deliver a clear message to the audience.

5- Make It Memorable

One of the main factors that will make your advert successful is how memorable and eye-catching it is. Every copywriter's goal is for their advert to remain in people's minds. Adverts remain memorable when they are creative, relevant to the circumstances, and to the audience, and jingles add special flavors. Details are important; you have to think of every small detail in your advert, from the script to how you picture the setting.

6- Keep It Short

Long adverts can bore people, therefore you have to keep it short and straight to the point, so you can make sure people will enjoy it and watch it till the end and won't criticize how long it is.

8.8.1 Essentials of a Good Advertising Copy

Advertising copy contains the message of the advertisement. For advertising in newspapers, magazines and other publications, such message is conveyed through reading material in written words and pictures; for radio advertising, the message is communicated through talking material in spoken words; and for film and television advertising, the message is embodied in both reading and talking material.

According to the differing nature of advertising media, the copy of advertising may represent some reading, talking, or combined reading and talking material.

Below given figure explains the essentials of an Ad copy.
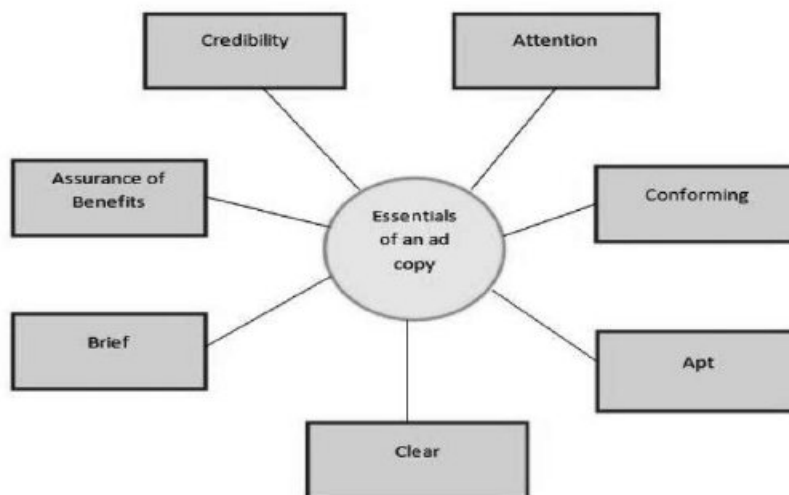
Fig. 8.8 Essentials of an Ad Copy

8.8.2 Features of a Good Advertising Copy

The salient features or characteristics of a good advertisement copy are:

(1) It Should Be Simple:

The first important ingredient of an advertisement copy is that it should be written in simple language. It should be capable of proper understanding. It should not use ornamental and tough words rather short, simple and properly understandable words.

(2) It Should Be Capable Of Holding The Reader's Attention:

An advertisement copy should be capable of holding the attention of the reader. It should be presented in such a manner which attracts the consumer immediately.

(3) It Must Be Suggestive:

The advertisement copy should be capable of suggesting the reader about the utility and use of the product. Effective slogans can be used to give suggestions to the people.

(4) It Should Have Conviction Value:

The advertisement copy shall be able to have ever lasting impression on the reader, if the suggestions are backed by convincing arguments. The reader should not have any doubt on the quality of the product. He should be fully convinced and satisfied.

(5) It should educate the people:

The advertisement copy should tell the people about the use and operation of a product. It should also impart new uses of a product with which the people are not familiar. An advertisement copy containing information with regard to use, sources from where the product can be obtained, price and services available along with the product is greatly helpful in enhancing the demand and enlarging the sales.

(6) It Should Have Memorising Value:

The advertisement copy should be prepared in such a manner that a reader gets ever lasting impression about the product. It can be successfully created by repeating the advertisement time and again. Repetition projects the permanent image about the product on the reader's mind.

(7) It Should Be True:

An advertisement copy should be truthful. It should not misrepresent and conceal the true facts about the product. Rather it should clearly lay down the limitations in the product. For example, a cloth merchant should clearly specify about the fading of colour and shrinkage of yarn, if it is so.

8.9 Merits Of Advertising Concept

The merits of advertising concept are:

Introduces Product

Advertising is a medium through which companies introduce and create awareness regarding their products in the market. It explains the features and uses of new products to customers.

Increase Sales

Advertising helps the business in increasing its sales volumes. It attracts more and more people toward the company's products and persuades them for purchasing it.

Widens Market

It enables businesses in exploring new markets and reaching out to a wide number of peoples. Advertising creates wide awareness regarding brand products among the public.

Fights Competition

Advertising is an effective tool for businesses to face competitive forces in the market. It provides detailed information regarding products that helps in differentiating it from competitor's products and acquiring a competitive advantage.

Eliminates Middlemen

It serves as the direct connecting link between manufacturers and consumers. Advertising eliminates the role of all intermediaries between producer and customers which increases the profit margin of producers and reduces the overall cost to customers.

Stabilizes Sales Volume

Advertising helps in stabilizing the sales volumes for business. It helps in retaining more and more customers for a longer time period and develops more loyal customers.

Educates Consumers

It serves as the mean through which companies communicates all details regarding their products among customers. Advertising informs customers about the uses and utility of the product.

Fig. 8.9 Merits of Advertising

8.10 Demerits Of Advertising Concept

The demerits of advertising concept are:

Increases Cost

Advertising raises the cost of products offered by the business for sale in the market. The business incurs huge expenditure on advertisement activities which they recover by charging high prices for their products.

Mislead People

Advertising often leads to misleading and fraud customers by presenting false facts about goods. Many times it makes exaggerated and unfair claims regarding products.

Impersonal

It is an impersonal and one-way means of communication between the manufacturer and customers. Customers sometimes are confused by the message communicated through advertisements by the company and are not able to resolve their queries.

Discourages Small Business

Advertisement programs require huge funds to gain popularity and goodwill in the market. It is beyond the scope of small businesses as they cannot afford huge advertisements like big companies.

Encourage Monopoly

Big corporations through wide advertisement programs create their monopolies in the market. They are able to create a permanent place for them among customers and restricts the entry of new competitors.

Disadvantages of Advertising

- Increases Cost
- Mislead People
- Impersonal
- Discourages Small Business
- Encourage Monopoly

Fig. 8.10 Demerits of Advertising

Test Your Progress

1. Explain any four factors related with copy strategy.

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2. State any two merits of advertising concept.

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3. State any two demerits of advertising concept.

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8.11 Summary

Advertisement has become an integral part in today's marketing scenario. In earlier times, advertisement was not given as much emphasis as it is being given today. The Institute of Practitioners in Advertising defines the term as: "advertising presents the most persuasive possible selling message to the right prospects for the product or service at the lowest possible cost". Here we have a combination of creativity, marketing research & economic media buying. Advertising may cost a lot of money but that cost is justified if it works effectively and economically.

Advertising is important for every aspect of a business. It plays an imperative role for both manufacturers and consumers. Advertising is important for the business on the whole as it lets the business gain more customers, thereby increasing business turnaround.

Advertising is thus, a mass communication tool, which is essentially in paid form by a firm or an individual and the ultimate purpose of which is to give information, develop attitudes & induce action, which are useful to the advertiser.

8.12 Test Your Progress

1. Define advertising.

2. What do you understand by advertising concept?

3. How is the advertising concept developed?

4. What are the features of advertising?

5. What is the purpose of advertising?

6. How is the advertising concept selected?

7. Explain the following:

a. Classification based on function.

b. Classification based on desired response

8. What is the importance of advertising?

9. What are the five M's of advertising?

10. Explain the following in brief:

a. Money

b. Measurement.

11. How is the advertising message selected?

12. What are the steps to produce an ad copy for a company?

13. What are the factors related with copy strategy?

14. What are the features of an ad copy?

15. Explain any four merits of advertising.

16. Explain any four demerits of advertising.

8.13 Suggested Readings

1. www.wikieducator.org

2. www.yourarticlelibrary.com

3. www.ilearnlot.com

4. www.commercemates.com

5. www.tutorialspoint.com

6. www.brandwatch.com

7. www.adarmygroup.com

8. www.brigitteschuster.com

9. www.businessmanagementideas.com

10. www.zabanga.us

11. www.eclipsemediasolutions.com

12. www.thinkmarketingmagazine.com

13. www.feedough.com

14. www.pdffiles.in

MBA-3.41

Advertising and brand Management

Uttar Pradesh Rajarshi Tandon Open University

BLOCK III

MEDIA PLANNING AND ADVERTISING

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BLOCK III : MEDIA PLANNING AND ADVERTISING

In block 3 you will learn in depth about the campaign planning process, media planning, target and media research, media objectives, media mix selection. The block also lets the learners know about media buying- media tactics, monitoring, evaluation of media planning etc. You will also get an insight into media strategy- delivering on objectives, target audience strategies and media vehicle selection, allocation of media budget. Apart from this, it highlights the effectiveness of advertising and gives a comparative study with different promotion mix.

Unit 9 discusses about campaign planning process, media planning - target and media research, media objectives, media mix selection and scheduling and budgeting.

Unit10 deals with media buying:- media tactics, monitoring, evaluation of media planning.

Unit 11 provides an insight into media strategy- delivering on objectives, target audience strategies and media vehicle selection, allocation of media budget.

Unit 12 gives you a thorough knowledge about advertising effectiveness, comparative study with different promotion mix.

UNIT 9 : MEDIA PLANNING

Unit Structure

9.0 Objectives

After completing this unit you will be able to:

- ➢ Learn in depth about media planning
- ➢ Understand the concepts about media planning
- ➢ Know about the importance of components of media planning
- ➢ Learn about the Factors of Effective Media Planning
- ➢ Have an in depth knowledge about the Media Planning Strategies
- ➢ Get to know about the Media Planning vs. Media Buying

9.1 Introduction

Today's marketers are often tasked with balancing campaign efforts across a range of different media platforms and assets. This can make it challenging to effectively track each tactic's success and overall impact on the business's bottom line. With a thorough media planning strategy in place, teams can more accurately and holistically monitor campaign success and make informed decisions about how to optimize performance in the future. Let's take a look at some of the key considerations to keep in mind when building a media plan:

9.2 Concept of Media Planning

Media planning is the process by which marketers determine where, when, and how often they will run an advertisement in order to maximize engagements

and ROI. The media plan might split advertising spend and resources between various online and offline channels such as broadcast, print, paid ads, video ads or native content.

In today's competitive marketing landscape, marketers need to serve consumers with the right message, at the right time, on the right channel in order to see engagements. Media planning is where marketers determine what these "rights" are.

9.3 Media Plan

An effective media plan will result in a set of advertising opportunities that target a specific audience and fit in with the organization's marketing budget. When establishing a media plan, marketers will often factor in the following considerations:

    a. Who does the ad need to reach?

    b. What is the marketing budget?

    c. Conversion goals

    d. Frequency of the message

    e. Reach of the message

    f. How to define success

Media planning is most often done by media planners at advertising agencies. Media planners must work with media buyers and the client organization to develop a strategy to maximize ROI on media spend. Media planners are required to have a firm understanding of the organization's brand and target audience, various media platforms and developing media trends.

Media planning is more involved with formulating a strategy, evaluating its effectiveness, and adjusting, while buying is the execution of the strategy.

As noted, the media planner will evaluate brand and audience to determine the correct combination of messaging and media mix on which to advertise in order to reach consumers in a positive, impactful way.

9.4 What Is Media Planning?

Media planning is the process of determining how, when, and to what audience a branding or advertising message will be delivered. A media planner analyzes how a message is intended to support a marketing or advertising strategy and then develops tactics to share that message in the right places with the right people.

At an advertising or marketing agency, the duties of a media planner might be assigned to a content director, marketing manager, account manager, or combination of people with knowledge of media, budgeting, content creation, and other areas of expertise related to marketing.

No matter who is responsible for development, the process requires a deep understanding of the components of a media plan, the platforms that can deliver the message, and the factors that go into an effective plan.

9.5 The Components of Media Planning

Before developing a plan, the media planner must fill in the blanks on specific components. Trying to make a media plan without first understanding its components would be like riding a bicycle blindfolded.

The component checklist serves as a foundation for the plan and should take into account:

- **Audience:** Whom is the message targeting? Why is the message relevant to them? How is the message serving them?

- **Marketing budget:** How much is available to spend on delivering the message?

- **Conversion goals:** What action should the message encourage the audience to take? How will that action support the strategy?

- **Definition of success:** What key performance indicators should be tracked? How do they support the strategy? How will they be measured and reported? What is the anticipated return on investment?

  Message frequency: How often should the message be shared? How much is too much?

- **Message reach:** How many people should receive the message? Where do they live? Is the message platform scalable? How reach is measured depends on the platform being used to deliver the message. It is important for media planners to understand the nature, uses, and usefulness of every available form of media.

9.6 The Forms of Media

Marketing and advertising content takes the form that best conveys the message and achieves the desired action on the part of the consumer. Digital media includes all the assets a consumer finds on the internet: paid ads on search engines (pay per click), banner ads associated with targeted remarketing, videos and static ads on social media, website development, and more.

In 2019, for the first time, digital advertising spending surpassed traditional advertising spending. According to digital marketing publication eMarketer, digital marketing spend was estimated to account for 54.2% of total U.S. advertising spending in 2019.

In traditional and digital media, efforts to spread messaging can be categorized as:

- **Owned media:** Owned media consists of original assets, such as blog posts and videos, published directly on platforms owned and operated by the organization attempting to spread the message. The ultimate goal of owned media assets is to go viral — a nice-to-have but unpredictable state that should never be considered the linchpin of any media plan.

- **Earned media:** Earned media are assets that share the organization's message but are created by separate parties, such as news stories or profiles in a newspaper or online news site. This typically is a function of public relations or media relations.

- **Paid media:** These are assets associated with ad spending, such as social media advertisements, paid search ads, paid commercials on TV or radio, or the paid

placement of an asset such as a guest blog post on a news website.

No type of media can be dismissed as unimportant. The type of media used could make or break a campaign, which is just one of several factors that determine a media plan's potential effectiveness.

9.7 The Factors of Effective Media Planning

The three pillars of an effective media plan — purpose, audience, and reach — are interconnected but must be considered separately during the early stages of plan formation. Here is an overview of the factors of effective media planning.

- **Purpose:** What is the goal or objective of the campaign? Is it to generate brand awareness? Encourage a user to share contact information or to fill out a form? How does the asset support the larger marketing strategy? All of these questions must be answered very early in the planning process.

- **Audience:** Who is the targeted consumer? Who will benefit from watching, listening, or reading the piece of content? Who is likely to buy the service or product or to develop a long-term relationship with the brand? The purpose and the audience go hand in hand.

- **Reach:** How many people are targeted by a particular media platform, and at what frequency? Reach and frequency — the number of times a potential customer is offered the chance to read, watch, or listen to the asset — are related. Not every potential audience member consumes media at the same rate. The more often a video or ad is shared, the more likely it is to be seen.

Once the three pillars have been identified, a media planner can flesh out the plan to develop a larger strategy and supporting tactics.

9.8 Media Planning Strategies

Exploring media planning strategies can help marketers effectively choose the right media platforms for spreading a message to a relevant audience.

What follows is an overview of some of the primary considerations that must be addressed when preparing to develop a media plan.

1. Selecting Relevant Media Channel(s)

Media planners have choices when it comes to the channel or channels they select for sharing a piece of content. Channels are platforms, digital or traditional, that serve content to users.

Traditional channels are TV, radio, and print ads. Digital channels are social media, websites, email, and other online platforms.

The channel chosen should be a platform the target audience is likely to frequent. Channels appeal to users based on age, gender, socioeconomic status, and other demographic factors.

For example, a business-to-business (B2B) audience would be more likely to be reached on LinkedIn, where businesses and employees interact on a professional level. On the other hand, a business-to-consumer (B2C) audience might be found on a channel such as YouTube or Instagram.

2. Determining the Relevant Timeline

What determines the timeline of a media campaign? It depends on the product/service, message goals, audience, and calendar of events.

To establish the media campaign timeline, a project plan is necessary to determine what assets are necessary to support the campaign. When determining resource requirements, it can be helpful to start at the end. When is the optimal publish date (or dates)? With that in mind, the planner is free to plot the work necessary to get it done.

Every aspect of the plan must be given the right amount of time for development. For example, if the planner knows a great deal of market research will be required, multiple days should be devoted to that part of the plan.

Every stakeholder's role must be taken into account and factored into the deadlines associated with each stage. Communication is key. Every person involved in the execution of the plan should have a means to communicate setbacks or ask relevant questions along the way.

3. Coordinating the Channel Mix

Rarely will a media plan include only one channel. Most campaigns will incorporate at least two — and possibly several more — to ensure that as many people as possible are served the content. But companies need to make sure that the message is cohesive across all channels.

When used wisely, channels can be complementary. For example, a long-form profile of a subject can be coupled with a short-form video that features an interview with the subject. The video and long-form article might be packaged together on a blog post, or they could be served up separately on different social media platforms to increase reach.

The concept is particularly true for social media channels. If a message is relevant to multiple audiences, it is important to distribute that message on platforms those audiences frequent. For example, a smartphone app with wide appeal might be advertised on a platform such as TikTok to reach younger audiences and on LinkedIn to appeal to business-minded professionals. Marketing teams should consider the timing and tone of these ads to avoid conflicting messages across platforms.

4. Leveraging Audience Targeting

Audience targeting is the process of determining who to share a message with and how to find them. Most marketers begin the audience targeting process by developing buyer personas, or fictionalized versions of the people they hope to reach. Once a company develops its target personas, they can better choose the right marketing platform to reach the intended audience.

Personas are derived from data such as age, gender, profession, buying habits, hobbies, socioeconomic status, geographic location, and personal or professional goals. This data can be compiled using a template that incorporates original research into a current customer base or gathered using tools such as Google Analytics.

An important element of persona development is determining what media

platforms are frequented by the real people the persona represents. Services such as Google, Facebook, LinkedIn, and Twitter offer audience segmentation tools that break down the demographic information of their users to target users accurately.

5. Setting Reach and Frequency Goals

Another important consideration in a media plan is the reach, which is closely related to frequency. As mentioned above, reach is a measurement of the number of viewers, readers, or listeners who are served the content. Frequency, also known as impressions, is the number of times they are likely to see or hear the piece of content over a set period of time. Marketers must decide what they hope to accomplish with reach and frequency when considering media plan options.

Reach and frequency typically are a function of spending money to amplify the message. Occasionally, a piece of content might go "viral" organically, without an associated ad buy to support it. But those occasions are rare, so a media plan must take into account the amount of money required to put the content in front of the right number of people.

Advertising dollars are devoted to social media platforms, such as LinkedIn and Facebook, based on an estimated number of users who will be served the content. The benefit of that kind of advertising, as opposed to traditional media such as an outdoor billboard or a magazine ad, is that the social media platforms allow marketers to target specific users with their advertising.

6. Choosing a Voice

The "voice" of a piece of content is the tone used to convey the message. It is determined in written assets by factors such as word choice and sentence length. In visual media, the use of color and shapes conveys "voice."

The voice of a piece of content is important because people respond to authentic messaging. Consumers are savvy — they know when someone is trying to sell them something. The visceral response is to reject messaging that looks or sounds inauthentic or irrelevant.

How is authentic voice derived? It begins with the development of personas, as mentioned above. An important element of persona creation is determining factors such as education level, profession, and personal interests. Different segments of the population have their own vernacular, and marketers who capture that in a pitch-perfect voice are more likely to achieve success with their media plans.

9.9 Steps to Developing a Media Plan

A sound media plan ensures that the content has the best chance to effectively perform the function for which it was created. Without a well-conceived media plan, the marketing team is operating without a rudder. Success, if it comes, is a matter of luck rather than precise execution.

Steps to Building an Effective Media Plan

Defining the objective or goal behind the plan

Using research to pinpoint your ideal target audience

Identifying marketing channels to reach the right people

Setting the marketing plan's budget

Source: Forbes

After evaluating the best media planning strategies, marketers need to establish the right plan for their business. Below is an overview of the steps to developing a media plan, starting with researching the market.

1. Conduct Market Research

Before a goal can be set, an editorial calendar can be developed, or a piece of content can be created, the marketing team needs to know a few things about the people they hope will consume or purchase their product or service. That requires market research, which is the first step in making a media plan.

Market research reveals the characteristics of buyer personas, such as age and other demographics. It provides information about buying habits and personal preferences. It tells the content creators what voice to use, what platforms potential customers frequent, and what type of content will resonate with users.

In short, market research is the backbone of the plan. It should be conducted thoroughly and updated regularly based on testing data and customer feedback.

2. Clarify the Objective

It is virtually impossible to create a successful marketing asset — an ad, blog post, video, static image, etc. — without first establishing why the asset is necessary. The objective will by necessity shape every aspect of the content.

What goals can a piece of content help the marketing team achieve?

- **Brand awareness and loyalty:** Tell or show a user what the company and its people are all about.

- **Thought leadership:** Show or tell a user why the organization and its people are experts in the field.

- **Information:** Give users data or history they can use in their professional or personal lives.

- **Lead generation:** Build the pool of potential customers by demonstrating how a product or service could be of use.

- **Lead conversion:** Provide a means for a potential customer to actively seek more information or create an ongoing connection with the organization.

Establishing the goal or goals ahead of time enables content creators to fashion their work with purpose and direction. It streamlines the creative process and reduces the amount of time necessary for revisions. Time spent early on figuring

out the endgame is time saved along the way.

3. Identify the Target Audience

According to HubSpot, audience targeting is "the method of separating consumers into segments based on interests and demographic data." Characteristics of segments might be age, income, interests, gender, geographic location, and buying habits.

The main purpose of segmenting is to ensure that the right people are receiving the message. The "right people" are those who are likely to consume the product or service on offer.

Here are a few tips for effective audience targeting:

- **Mine the analytics.** Google, Twitter, LinkedIn, Facebook, Instagram, and other platforms provide deep dives into consumer data such as geographic location, websites visited, and personal and professional interests. Mine these sources for information to learn more about consumers who already are engaged with the organization.

- **Conduct focus groups and surveys.** Invite current users and customers to participate in fact-finding sessions, or use surveys to ask questions that will shed light on why people use products when and how they do.

- **A/B test.** Testing the public responses to different types of content can reveal what works and what does not. An A/B test presents slightly different versions of content, such as an ad with the same words but different images. The version that performs better can be duplicated, while the other can be tweaked or used in further testing.

4. Set the Budget

Every potential cost must be taken into account when creating a media plan. A campaign might require payment for display advertising, social media ad placement, sponsored social media posts, paid search engine ad placement, influencer marketing expense, and more.

The media buyer's role is to provide estimated costs for all of these items. The media planner then uses that information to determine cost-effective ways to create and distribute content.

Hidden or unanticipated costs can derail a marketing campaign. Be sure to build in an "emergency" fund to cover extra costs such as fees, commissions, testing, and unforeseen expenditures.

9.10 Media Planning vs. Media Buying

A media planner develops the plan. A media buyer executes the plan. They work together to ensure that the content is delivered to the right people in the right places at the right times.

A media buyer, as the title implies, oversees efforts related to paid media. Media buyers must possess a working knowledge of the platforms used to distribute content — and how much it costs to use those platforms.

This includes social media advertising and paid search advertising, as well as traditional advertising methods such as outdoor billboards, TV, radio and newspapers. In most cases, a media buyer is assigned a budget once the media

plan is developed.

Below is an overview of the working relationship between media planners and media buyers.

How Media Planners and Buyers Work Together

A media planner and media buyer typically consult at the start of the planning process. The planner relies on the expertise of the buyer, while the buyer works to ensure the plan is executed as expected.

The buyer's role is to stay informed about cost and availability of paid platforms such as search engine ads (pay-per-click or banner ads), website advertising, social media ads, and traditional forms of advertising. The buyer might also recommend what platform or platforms make the most sense for the planner to incorporate, based on the campaign goals.

The planner relies on the buyer to place the content and monitor the amount of money spent. A buyer might also monitor key performance indicators, such as reach, frequency, audience engagement, conversions, and other important data.

Executing the Media Plan

On the organic, or non-paid, side of the campaign, the media planner might rely on a content manager or social media manager to distribute the content. On the

- Conduct campaign analysis to ensure cost efficiency

A media planner and media buyer should maintain communication throughout a campaign to be sure that all elements of the campaign are in sync. For example, if a media buyer finds that a particular paid search keyword has proved ineffective, they might pull the spending from that keyword and assign it to another.

The bottom line for the media planner-media buyer relationship: Neither one can operate effectively without the other's clearly communicated input.

9.11 Summary

With a comprehensive media planning strategy, organizations can make more data-driven decisions about how to improve marketing ROI and drive results. Today, many teams are leveraging tools that allow them to make smarter, faster, and more accurate media planning choices.

9. 12 Test Your Progress

1. What is Media Plan?
2. What Is Media Planning?
3. What are the Components of Media Planning?
4. Explain the Forms of Media
5. What are the Factors of Effective Media Planning
6. Explain the Media Planning Strategies
7. Mention the Steps to Developing a Media Plan
8. Differentiate between Media Planning vs. Media Buying

9. 13 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 10 : MEDIA BUYING

Unit Structure

10.0 Objectives

10.1 What is Media Buying?

10.2 What is a Media Buyer in Marketing?

10.3 Why Media Buying is Important

10.4 Challenges of Media Buying

10.5 How to Negotiate Media Buys

10.6 Factors to Consider when Negotiating Media Buys

10.7 Summary

10.8 Test Your Progress

10.9 Suggested Readings

10.0 Objectives

After completing this unit you will be able to:

- ➢ Learn in depth about Media Buying
- ➢ Understand the concepts about Media Buyer in Marketing
- ➢ Know about the importance of Media Buying is Important
- ➢ Learn about the Challenges of Media Buying
- ➢ Have an in depth knowledge about the How to Negotiate Media Buys

10.1 What is Media Buying?

Media buying is a process used in paid marketing efforts. The goal is to identify and purchase ad space on channels that are relevant to the target audience at the optimal time, for the least amount of money. Media buying is a process relevant to both traditional marketing channels (television, radio, print) and digital channels (websites, social media, streaming). When done effectively, media buyers achieve maximum exposure among their target market for the least amount of spend.

10.2 What is a Media Buyer in Marketing?

Media buyers oversee the media buying process, with input from the media planning team. With an understanding of marketing goals and target audience preferences given by the media planning team, media buyers execute the actual purchase of the advertisement space. A huge part of the media buyer position is negotiating with the sites, networks, and other channels they want ads to appear on. They must ensure they are purchasing the correct placements at the correct times, for the correct duration, all within strict budgets.

Media buyers should also use marketing performance tools to track key performance metrics and delivery to ensure the ad is placed in

accordance with the agreement and that it is meeting campaign goals.

What is the Difference Between Media Buying and Media Planning?

While media buyers and media planners certainly work closely together, their roles are very different. In short, media planning is the first step. Based on the conclusions and strategies determined by this team, media buyers execute on the media plan – placing the agreed upon ads on the appropriate channels.

Media Planning

The process of media planning is focused on establishing an audience, conducting market research, establishing a budget, and building out goals. Media planners work with their clients to understand who the target audience is for their offering, which channels that audience uses and at what times, and what type of messaging that audience is most likely to engage with. With this information the planning team will select which channel they want to purchase ad space on, and for what price.

Media Buying

With the media plan established, media buyers connect with their counterparts across the agreed upon media sites. These are often sales / account executives, whose responsibility it is to find relevant advertisers. These two parties negotiate placement, time and cost. Media buyers often use the following tactics to execute on media plans:

- o **Manual bidding:** Bidding on ad space and managing bids directly through an ad platform such as AdWords.

- o **Programmatic buys:** AI and algorithm enabled real-time bidding on ad space that matches consumer profiles (e.g. fashion designers leveraging a platform that will automatically bid on and place ads on fashion-oriented channels).

- o **Direct buys:** When a media buyer negotiates ad rates and run times with a specific advertiser (e.g. fashion designers working directly with the Vogue team to place ads on their site / magazine).

10.3 Why Media Buying is Important

Effective media buying goes far beyond the actual transaction of money for ad space. Media buying teams can create impactful relationships with media owners that result in greater reach with less investment. This enables marketing teams to increase conversions and demonstrate high ROI to clients and stakeholders.

There are a few key benefits that come with using an experienced media buying team and process.

Get the Best Deal Media buyers often have a wide network of relationships, which they can leverage to maximize the value of your investment. Media buying professionals are well versed in negotiation techniques and common industry standards, such as the average cost of leads or what brand exposure should cost. Media buyers can also help extend the benefits of an

agreement. In advertising the terms "value added" or "added value" refer to ad space or impressions tacked on to an agreement without charge. Experienced media buyers can negotiate prices to increase reach or frequency and can often get value added at media channels they have worked with in the past.

Get the Best Slots

Media buyers understand where your advertising dollars should be spent, and which placements tend to get the most engagement. Media buyers stay aware of trends and world events (such as the Olympics or political campaigns) that may influence ad availability and negotiate ad placements directly into the contract to ensure ads are delivered as promised.

Plan Campaigns with Best Practices

Media buyers understand what strategies will best lead to conversions (for example: placing ads at a certain time of day). Media buyers have experience working across publishers and channels. They bring the best practices they learned in previous campaigns and can apply them as they negotiate ad placements for maximum returns.

10.4 Challenges of Media Buying

As with all marketing initiatives, investing in experienced media buying teams and processes means demonstrating value. To do this, media buying teams need analytical capabilities that allow them to attribute conversions and KPIs back to a specific ad. They also need access to real-time metrics in order to make in-campaign updates to ads that are underperforming. The top challenges when it comes to media buying are:

Marketing Measurement

When it comes to spending media dollars, it is important for media buyers to understand which campaigns are working. They can then better allocate budgets. However, many companies struggle with applying an attribution model that accurately represents their entire media mix. This makes it difficult to know when a certain ad placement has performed as desired, triggering a specific conversion.

Optimize Campaign In-Flight

Another challenge for media buyers is optimizing ads mid-campaign. Most marketing results aren't available until after the campaign, making it too late to adjust advertising spend. To rectify this, marketing teams must invest in marketing platforms with the processing power to deliver granular insights on marketing performance while the campaign is active.

Avoiding Ad Fraud

Ad fraud occurs when an organization pays for ad space on a fraudulent site, or when organizations have to pay more for an ad based on clicks/impressions from bots or click farms. This is especially prevalent in programmatic advertising. Programmatic buying can be beneficial for real-time ad placements, but can also result in ad fraud as there is minimal review of the sites where ads are being purchased, resulting in mismanaged

dollars.

Clear Contracts

Contract negotiations can be another challenge in media buying. Media buyers need to be sure that everything negotiated is stated clearly in the contract to ensure specific expectations are met. For example, if an advertiser only wants to target leads in the US, this should be clearly stated. When this step is overlooked, companies may waste money on a target audience that doesn't fit.

10.5 How to Negotiate Media Buys

The most important role of a media buyer is that of the negotiator - this ensures that clients are getting the most value for the ad space they purchase. This means working with media companies, leveraging best practices on how to get the most return for an ad placement, and developing specific contracts. As media buyers execute on media plans, there are a few negotiating tips they should keep in mind.

Do Your Research

Research is not just part of media planning. As a media buyer, you should have expertise in the factors that will impact the success of each campaign, such as:

- What do leads usually cost in your industry?

- What is the cost of standard ad placements on various sites?

- What types of ads, display sizes, etc. perform the best on specific sites?

Understand How Much You Are Willing to Spend

Begin each negotiation with a detailed plan for budgeting and where you might be willing to make allowances for premium spots. Before beginning negotiations, be sure you have answers to the following questions:

- What is your overall budget?

- How can you get the most out of that budget?

- Are there certain publications that you are willing to spend more on (based on past results or target audiences)?

Have a Backup Plan

The strongest playing card in any negotiation is a backup plan. There may be a publisher or television network that you would really like to work with, but you discover they are fully booked or out of your price range. Media buyers should always prepare additional options to ensure fast solutions to unforeseen purchasing issues. Furthermore, know when you are willing to back away and work with the other options. This gives you more leverage when negotiating price or placement.

Establish an Anchor

According to Nobel Prize winner, Daniel Kahnemann, people base initial

estimates off of an anchor. By this he means that prices are often arbitrary and are generally influenced by a user's initial encounter with it. For example: Homeowners from different states may have different anchoring points. A homeowner in New York is typically willing to spend more on a home than a homeowner in Florida, even if the New Yorker moves to Florida. Understanding this principal can be helpful when leading a negotiation. If you are aiming to target a campaign at $100 per lead, this should not be your first bid. It should be lower, so that publishers can in turn negotiate.

Lead Generation

Consider all the filters you would like on your leads before beginning the negotiations. Don't assume that you can adjust these after the negotiations.

Negotiate Value Add-Ons

Ask for value add-ons when negotiating. This could include banner ads for an email campaign or an extra airing of a radio ad. This will get you more exposure for your budget.

Get It In Writing

As with all things, get what you have negotiated directly into the contract. If your account director changes or emails get lost, media buyers need a clearly agreed upon set of expectations they can point to.

Type of Negotiations

There are two main types of negotiation tactics, though integrative negotiations are what is most often used in media buying.

- o Zero-Sum Negotiations: In these negotiations, one or both parties are not willing to compromise on the agreement. While often glorified in TV and film, this negotiation style strains or ruins the relationship with the media company.

- o Integrative Negotiations: In integrative negotiations, both parties work together and compromise to ensure each side is getting a good deal that is aligned with their goals. As media buying is based in relationships, this negotiation tactic is typically the most effective.

10.6 Factors to Consider when Negotiating Media Buys

There are many different channels that advertisers can purchase space on, as well as different ways of making those purchases, each of which have different best practices. Consider the following:

Programmatic/Direct Buy

Programmatic advertising describes a media buying process that relies on technology, such as AI, to automate and optimize all media buys. These purchases often take place over channels like Facebook or Google. This type of media buying focuses on the persona rather than the media itself, asking "who do I want to reach?" instead of "where do I want to place media?" In practice, programmatic media buys work like an instant silent auction - just set who you want to target, say how much you'd like to pay per click or impression, and provide the advertisement you'd like to show - then AI will do the rest of the work for you.

Ad Placement for TV

Purchasing ad space for TV typically takes place during upfront season, during which networks pitch media buyers on the benefits of purchasing time on their network. This is typically done during in-person meetings. When buying ads for TV, make sure to negotiate that your ad cannot get bumped from the agreed upon optimal time. It is especially important to be aware of events for this reason. For example, if a political campaign is happening, candidates' ads can bump yours even if you have paid more. Candidates always get the lowest rate for commercial time.

Radio Placement

- o Radio ads are a great way for media buyers to reach local audiences.

- o When purchasing radio ad time, aim to get space that airs early in the commercial break or at the close of the commercial break. Listeners tend to tune out of radio stations during the bulk of the commercial breaks.

Out-of-Home

Out-of-home ads reach people outside through mediums such as billboards. This can be a great way to reach people during their day-to-day lives. Media buyers should work with the creative team to get ideas for out-of-home and offline advertisements.

For example, Reebok set up an out-of-home campaign asking if pedestrians were fast enough. Pedestrians who ran past the ad at a pace of higher than 17km per hour could unlock a free pair of shoes.

10.7 Summary

Media buying is a process used in paid marketing efforts. The goal is to identify and purchase ad space on channels that are relevant to the target audience at the optimal time, for the least amount of money.

Effective media buying goes far beyond the actual transaction of money for ad space. Media buying teams can create impactful relationships with media owners that result in greater reach with less investment. This enables marketing teams to increase conversions and demonstrate high ROI to clients and stakeholders.

10.8 Test Your Progress

1. What is Media Buying?
2. What is a Media Buyer in Marketing?
3. Why Media Buying is Important
4. Challenges of Media Buying
5. How to Negotiate Media Buys
6. What are the Factors to Consider when Negotiating Media Buys?

10.9 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 11 : MEDIA STRATEGY

Unit Structure

11.0 Objectives

After completing this unit you will be able to:

➢ Learn in depth about Elements of Media Strategy

➢ Understand the concepts about Different Types of Media used in Media Strategy

➢ Know about the importance of Mass media

➢ Learn about the Folk media

➢ Have an in depth knowledge about the Social media

➢ Get to know about the Tips to Plan a Media Strategy

11.1 Introduction

A media strategy is a plan of action that helps your business reach its target audience and to improve the overall customer conversion rate. The conversion rate is the percentage of people who take the desired action after engaging with your website, or any other form of media that makes a call to action.

Media strategy, as used in the advertising or content delivery industries, is concerned with how messages will be delivered to consumers or niche markets.

These days, everything is in the media. Something that is of public interest is surrounded by questions and responses from the various layers of media. Businesses and companies have departments dedicated to the efficient handling of relations with the press.

They devise methodologies and plans to develop and enhance these relations. These are called media strategies.

Defining and determining these strategies is crucial and extremely important.

There is a meticulous analysis of the goals and the profits expected from the media strategies. Then, a proper plan is made to contact the concerned media and supply the necessary information to be published.

11.2 Elements of Media Strategy

There are several layers of the media environment. One needs to understand these layers and then plan the media strategy accordingly.

1. Communication channels

The channels to establish excellent and clear communication with the media houses are significant. They need to provide unambiguous, authentic, and clear information to these media.

2. News cycles

The media are mainly concerned with the news generation. There are various types of news cycles, viz. the daily news like newspapers, 24-hours news like those on TV or blogs on the internet, and the weekly or monthly news in magazines.

3. Popularity and reach of the medium

The effect of your media strategy can be measured by the reputation of your brand or company. If the reach of your news and information is good, the viewership and the readership of your articles are good and so is their impact.

4. Target audience

Here, you need to know what you expect from the media circulation. It would be best if you had a clear idea of whom you want to target. The type of clients you expect determines the media you choose.

The attributes of the target audience can be age, profession, culture, and many more.

5. Quality and quantity of media outlets

There are two main types of media outlets, viz. conventional and modern media outlets. The quality and the amount of these media outlets play a massive role in determining the reach of the circulated news.

Hence, these parameters should be planned wisely.

6. Conventional media outlets

These are those outlets that have been used traditionally for years. Television, Radio, and magazines are some of the traditional media outlets.

They have a fixed readership and viewership given by loyal users.

7. Modern media outlets

With the emergence of technology, the internet has conquered our world. The social media platforms, live news streaming channels, and blogging sites are some of the newest media outlets.

They have been embraced by lots of people, mainly young adults.

8. Level of access

The choice of the right media outlet for your brand and product depends on its accessibility. If you want your news to be circulated among some specific target audiences, you have to select that media outlet that a group of viewers can easily access.

11.3 Different Types of Media used in Media Strategy
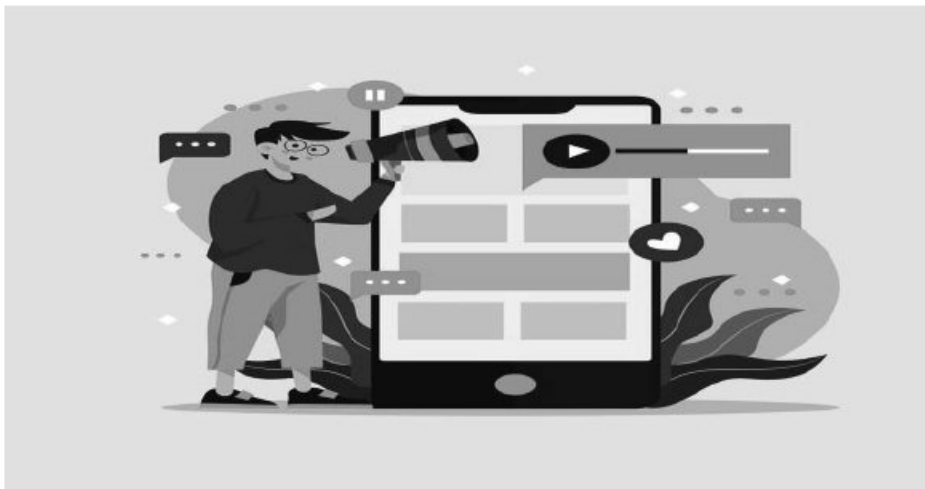
There are different forms of media distinguished mainly on the technologies and techniques they use to present the news or content in front of the audiences.

1. Print Media

This type of media is probably the oldest and the most popular form. It states facts and figures clearly and can also be used for education purposes. It has more longevity.

There are three essential functions of the print media. They are-

1.1 Print Media for Display

In this print media strategy, different means that are used include posters, wall charts, calendars, and so forth.

The reason behind the perennial existence of this media is its ability to be accessible and public relation potentials. Print media also enjoys excellent longevity, and it inherently comprises visual appeal.

1.2 Print Media for Reading

This one revolves around mediums like newsletters, brochures, pamphlets, comic books, booklets, and so forth.

Using these in your media strategy will let you enjoy better control of the message, plus you can communicate a more complicated and detailed story lucidly.

1.3 Print Media for use with Groups

While using print media for use with groups, you can choose mediums like flashcards, flip charts, etc.

It is considered quite useful for educational purposes, plus such mediums comprise the ability to communicate across classes and languages.

11.4 . Mass media
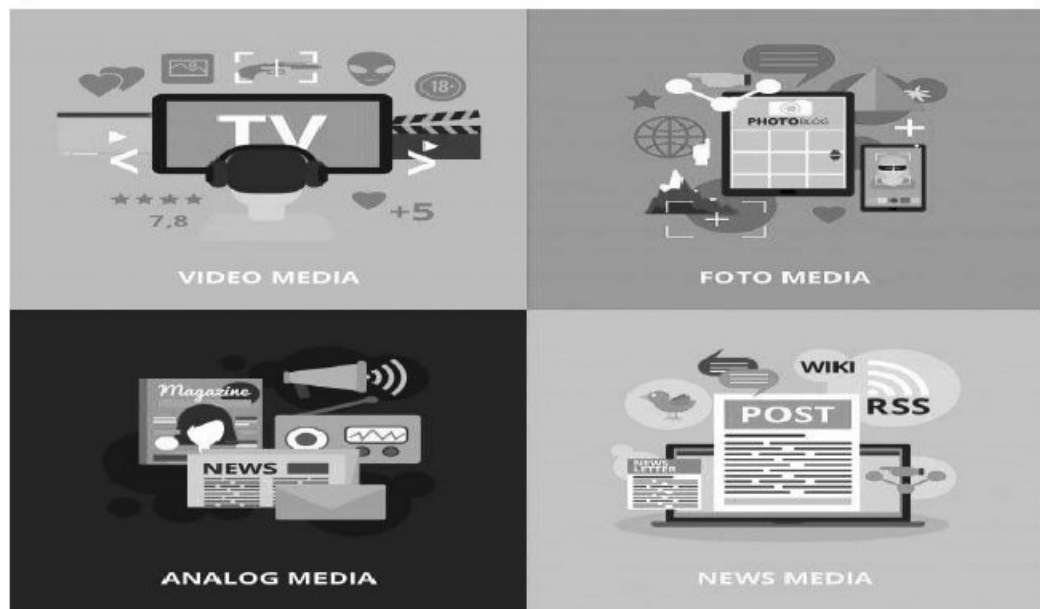
As the name rightly suggests, this type of media addresses a large group of people at once. There are mass media of many kinds. Newspapers, Television, and Radio are the three most important types of mass media simply because they are watched more often than others by a large group of people.

It is easier to address a crowd using these media. Let us delve into each of them here and now-

1 Mass Media using Newspapers and magazines

Advertisement report

You can use this in your media strategy for featuring new stories, columns, or ads.

It is considered quite useful for reaching to large audience bases, plus this means it is considered permanent and highly influential.

You can also use it for explaining issues clearly and comprehensively.

2 Mass Media using Radio

This mass media medium is used for announcements, events, and shows.

It is beneficial in reaching large audiences. It enjoys excellent accessibility; even you can use it for optimizing the reach of your brand to the grassroots level.

If you want an immediate response from your audiences, or you are looking for any participatory medium for your mass media strategy, then this one can be quite useful for you.

3 Mass Media using Television

Again with this medium, you can make mass media strategy related to announcements, soap operas, and different events by using some audio and video content pieces.

This one has exceptional potential to reach larger audiences by being more dramatic, creative, and emotive.

It is also quite useful in serving participatory purposes as well as immediate responses.

11.5 Folk media

We live in a world where people matter. They are the centre of any advertising campaign, and their response to a product or a service determines its success. So, nothing is better than folk media to address the folks.

This type of media includes songs, dances, skits, or public announcements that reach the maximum number of people.

They are done in a way to grab the attention of the local people, and they choose to invest in the subject of the advertisement. Different types of folk media strategy revolve around three mediums-

1 Folk media using Drama and Poetry

This medium utilizes theatre, storytelling, puppet shows, role plays, etc.

This medium is beneficial in being emotive that ultimately channelizes good feels. Dram and poetry are also very engaging and powerful.

Such means are very interactive as well, so you can expect better connecting and conversion with your audiences by using this media.

2 Folk media using Song and Dance

With this form of medium, you will have options of using stories, eyewitness accounts, testimonials, etc.

Including these means in your media strategy will help you make your ad campaigns more entertaining, emotive, and participatory. It is useful in transmission across languages and classes, plus it can also concretize your messages.

3 Folk media using Oral Testimonials

This comprises different forms of theatre, puppet shows, storytelling, role plays,

etc. with human faces.

Such means in media strategy are considered highly engaging, and they can be used in video or radio documentaries as well.

4 Folk media using printed messages

You can use printed messages on caps, t-shirts, etc. as a part of your fold media strategy.

This is a long-lasting means that is quite useful in promoting a brand, or cause. It is more prominently used in showing up your support for any cause or promoting any celebrity or movie, etc.

11.6. Social media

This is the newest revolution in the world of marketing and advertising. Various social media platforms allow users to promote their brand and products in the form of advertisements. Some of the social media platforms have millions of users, and even a single ad on these platforms can do wonders for your brand.

Different social media sites with vast numbers of Monthly Active Users (MAUs) that can be part of your Social Media Strategy are-

- Facebook – 2.23 billion MAUs
- YouTube – 1.9 billion MAUs
- Whats App – 1.5 billion MAUs
- Messenger – 1.3 billion MAUs
- We Chat – 1.06 billion MAUs
- Instagram – 1 billion MAUs
- QQ – 861 million MAUs
- Tumblr – 642 million MUVs
- Qzone – 632 million MAUs
- Tik Tok – 500 million MAUs
- Twitter – 335 million MAUs
- Reddit – 330 million MAUs
- Baidu Tieba – 300 million MAUs
- LinkedIn – 294 million MAUs

- Viber – 260 million MAUs

- Snapchat – 255 million MAUs

- Pinterest – 250 million MAUs

- Line – 203 million MAUs

- Telegram – 200 million MAUs

- Medium – 60 million MAUs

Other social media networks that can be part of your social media strategy are-

- Media sharing networks

- Discussion forums

- Bookmarking and content curation networks

- Consumer review networks

- Blogging and publishing networks

- Interest-based networks

- Social shopping networks

- Sharing economy networks

Now, after going through different types of media that can be part of your media strategy, let us go through different tips that can help you make a powerful strategy for optimizing your advertising and marketing campaigns-

11.7 Tips to Plan a Media Strategy

There are some tried and tested tips that one needs to follow to have a successful media strategy. Media relations can indeed make or break a business.

So, it is essential to have the perfect media strategy in place.

1. Set clear goals

Knowing the goals and objectives makes the process of achieving them far easier. Hence, even in media strategies, you should know what you are expecting from them.

You have to have a general analysis of the plan and understand its scope of impact.

2. Research your target audience

The target audiences are those who are in the main focus while planning a strategy. They are the ones from whom you expect the maximum response.

So, you should take their tendencies, their choices, and their habits into consideration before planning a strategy.

3. Craft a meaningful message

In any media strategy, the messaging it does is very crucial. The message should speak volumes in the least number of words.

It should give a sneak peek into the highlights of the product and provide some information about the brand as well.

4. Set a budget

Although media strategy and media management are huge parts of a business, there should not be thoughtless expenditures on them.

One should understand the scope and impact that a media strategy will have and then decide how much to spend on it.

11.8 Summary

A media strategy is a plan of action that helps your business reach its target audience and to improve the overall customer conversion rate. The conversion rate is the percentage of people who take the desired action after engaging with your website, or any other form of media that makes a call to action.

Media strategy, as used in the advertising or content delivery industries, is concerned with how messages will be delivered to consumers or niche markets.

These days, everything is in the media. Something that is of public interest is surrounded by questions and responses from the various layers of media. Businesses and companies have departments dedicated to the efficient handling of relations with the press.

11.9 Test Your Progress

1. What are the Elements of Media Strategy?
2. Explain the Different Types of Media used in Media Strategy
3. What is Mass media?
4. Describe Folk media?
5. What are the Social media?

11. 10 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 12 : ADVERTISING EFFECTIVENESS

Unit Structure

12.0 Objectives

12.1 Introduction

12.2 What is Advertising Effectiveness?

12.3 Best Ways of Measuring Advertising Effectiveness

12.4 Measure different objectives to get better results on ROI

12. 5 Summary

12. 6 Test Your Progress

12. 7 Suggested Readings

12.0 Objectives

After completing this unit you will be able to:

> Learn in depth about Advertising Effectiveness

> Understand the concepts about Best Ways of Measuring Advertising Effectiveness

> Know about the importance of Measure different objectives to get better results on ROI

12.1 Introduction

Assessing advertising effectiveness is crucial for all kinds of online as well as offline businesses.

While running ad campaigns for your business, it is fundamental that you inspect the behavioral inclinations and insights of your customers. It not only makes your advertisements more result-driven but also ensures better returns on your ad spend.

By checking the effectiveness of your advertising efforts, you also safeguard yourself from wasting your efforts and money on the strategies which are just not working. Advertising is useful in enabling brands to optimize their reaches and lead generations.

Checking the effectiveness of advertisements assists a brand in deciding whether their advertisements are moving ahead on the right path where relevant audiences are being targeted, and conversion potential is optimized.

This will empower you to gauge the qualities, shortcomings, and ROI of your advertisements so that you can tweak them in a more personalized and result-oriented manner.

At the time, when more and more purchasers prefer to take control of their ads and like to block those ads that they would prefer not to see, it has become inevitable for the brands to make their ads customized as per the preferences of target audiences.

This post will take you deep into some of the critical metrics and techniques that

should be used for gauging the effectiveness of advertising campaigns. So, let us get started straight away-

12.2 What is Advertising Effectiveness?

Advertisements are the backbone of any business, and undoubtedly, brands should focus on the relevant ad campaigns to optimize their reach, lead generations, and sales.

But the question that might arise here-

How do you know if your advertising techniques are working or not?

That's where the measurement of advertising effectiveness comes into play.

You need to measure if your advertisements are capable of meeting the expectations and offering you good returns on investments.

Now, this measurement technique may not be the same for all the brands, and there is no rulebook here.

You can't define a single method to solve your query on the advertising effectiveness.

12.3 Best Ways of Measuring Advertising Effectiveness

Measuring a few key factors of successful advertising campaigns is essential for gauging the effectiveness of any ad campaigns. Below given factors will help you in checking the advertising effectiveness of your brand ads-

1. Cost per new customer

What's the sole purpose of your ad? To generate sales!

So why not start from measuring cost per new customer to define ad's effectiveness.

You can measure it by dividing the total cost of the advertisement by new customers that were brought through the ad. Next, the cost per new customer and revenue per new customer is calculated.

If this revenue is more than the cost, then your ad is doing well. You can keep that ad until revenue minus cost is positive.

2. Custom conversions

To measure Return on Investment – custom conversions are indeed the best way.

Platforms like Facebook allow you to set filters of purchases through ads.

Custom conversions enable marketers in tracking and optimizing advertisements for the conversions in the most alleviated manner, as there would less manual code adding to your site for tracking the effectiveness.

3. Impact of the campaign

You want your ad to be seen by your audience, but it's not that simple. Your ad sits at a full website or a source where there's already tons of ads.

If your ad is not able to break through it, then it's not performing.

Now, just by creating catchy headlines, you can get the attention, but what if the ad is not able to make a lasting brand impact?

Hence a successful ad campaign not only drives the attention of people but also creates a lasting brand impact.

4. Reality v/s expectations

You don't always get what you expect, and that's natural, but if you are not even close to your expectations, then there's a need to worry.

All of us expect something from our ad campaigns.

Then it would help if you found out what your ad is delivering you—shorter the gap between reality and expectations, better the performance of your advertisement.

5. Check Certain metrics

You need to check specific metrics to check the advertising effectiveness of your ad campaigns. Let us have a look at those Advertisement Metrics here and now-

1. **Click-through rate (CTR)** –If your audience is viewing your ad and not clicking on it, then the purpose of your ad is still not fulfilled. You need to compare the number of people who viewed your ad and the number of people who clicked on it. If this difference is high, then your ad is not performing well.

2. **Cost per Click (CPC)** –You need to compare the amount that you are spending on an ad and the number of people who clicked on your ad. Again, if the difference is too high, then your ad is not performing well.

3. **Cost per Acquisition (CPA)** –This is simple: You need to find out how much you are spending to get a sale. If your expenses are higher than the revenue, then your ad is underperforming.

4. **Cost per lead (CPL)** –Here, you need to find out how much lead you are generating through your expenses on an ad. By this, you can also figure out how much you need to spend on the lead generation.

Through these metrics, you can find out the effectiveness of your advertisement.

12.4 Measure different objectives to get better results on ROI

Not all the ads have the same purpose; we do agree that the end goal is to generate revenue, but objectives are often divided. There may be several checkpoints to get a bigger goal. You may be expecting brand awareness, customer retention, engagement, and so on through your new ad campaign. Hence you need to measure all this to get a better idea of ROI.

The type of ad also defines which of the above objectives are fulfilled. Hence, just by looking at the revenue, you can't always predict the effectiveness of your advertisement. To get a broader picture, you need to look at other factors as well.

Some of the factors that you can analyze in such cases are-

- Finding out true reach of your ad for instance effectiveness of TV ads can be checked by gauging the number of people watching it at a particular time while for Digital Display Ad Reach, you can check survey data

- You should gauge the 'sweet-point' of your ad exposure, as it talks about the exact number of impressions an advertisement achieved before the ad gets the desired effect, and before the ad goes through over-exposure

- Check the audience validation before finalizing your ad creatives and media such as banner, video, image, etc.

- For tracking the performance of Digital Advertising Campaigns, you can use UTM (Urchin Tracking Module) tags, as it will let you track the effectiveness of organic and paid Online Ad Campaigns in Google Analytics. UTM lets you track campaign name, source, and medium.

12. 5 Summary

Assessing advertising effectiveness is crucial for all kinds of online as well as offline businesses.

While running ad campaigns for your business, it is fundamental that you inspect the behavioral inclinations and insights of your customers. It not only makes your advertisements more result-driven but also ensures better returns on your ad spend.

By checking the effectiveness of your advertising efforts, you also safeguard yourself from wasting your efforts and money on the strategies which are just not working. Advertising is useful in enabling brands to optimize their reaches and lead generations.

Checking the effectiveness of advertisements assists a brand in deciding whether their advertisements are moving ahead on the right path where relevant audiences are being targeted, and conversion potential is optimized.

This will empower you to gauge the qualities, shortcomings, and ROI of your advertisements so that you can tweak them in a more personalized and result-oriented manner.

Advertisements are the backbone of any business, and undoubtedly, brands should focus on the relevant ad campaigns to optimize their reach, lead generations, and sales. Measuring a few key factors of successful advertising campaigns is essential for gauging the effectiveness of any ad campaigns

12. 6 Test Your Progress

- What is Advertising Effectiveness?

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* Describe the Best Ways of Measuring Advertising Effectiveness?

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* What are the Measure different objectives to get better results on ROI?

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12. 7 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

MBA-3.41
Advertising and brand Management

Uttar Pradesh Rajarshi Tandon Open University

BLOCK IV
ADVERTISING AGENCY

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BLOCK IV : ADVERTISING AGENCY

In block 4 you will learn in depth about the advertising agency: management and survival types concept importance, utility, merits and demerits. The block also lets the learners know about reorganizing agency- process significance and advantages. You will also get an insight into global standards of agency functioning- usefulness and importance, scope and working. Apart from these, it also highlights the importance of advertising ethics.

Unit 13 provides an insight into advertising agency: management and survival types concept importance, utility, merits and demerits

Unit 14 deals with reorganizing agency- process, significance and advantages

Unit 15 discusses about global standards of agency functioning- usefulness and importance, scope and working

Unit 16 gives you a though knowledge about advertising ethics

UNIT 13 ADVERTISING AGENCY

Unit Structure

13.0 Objectives

13.1 Introduction

13.2 What advertising agency do?

13.3 What are the types of advertising agencies?

13.4 Summary

13.5 Test your progress

13. 6 Suggested Readings

13.0 Objectives

After completing this unit you will be able to:

> Learn in depth about advertising agency do

> Understand the concepts about the types of advertising agencies

13.1 Introduction

An advertising agency is a business that helps its clients with their advertisements and other marketable material to promote an image, product or business. Professionals working at an agency can meet with their clients to determine their advertising needs. From there, they can develop plans based on the guidelines of the client or collaborate with the client for their advertising plans. Some agencies offer clients a full service, which includes everything a client may require when advertising or agencies can focus on a specialty area, such as social media.

13.2 What advertising agency do?

The services an advertising agency can offer can vary depending on its area of specialties. The general duties of an ad agency can include creating advertisement plans, print or digital, planning how to execute the project and communicating with the client for their guidance and approval of a campaign. Professionals working in an agency may also work under tight deadlines if the client requests last-minute changes to make to the campaign. These agencies are also responsible for the quality assurance of the campaigns.After ensuring the advertisement campaign is up to the client's standards, the agency delivers the final product to the client, either with a digital file or with tangible print goods. An agency may also monitor how a campaign is performing and report the results back to their client. This can give them a sign of what to improve next time and what's working effectively for the client and consumers.

13.3 What are the types of advertising agencies?

Here's a list of 10 different types of advertising agencies for you to explore:

1. Full-service advertising agencies

Full-service advertising agencies offer a wide variety of advertising services to

its clients, with both traditional and digital options. Clients may choose this type of agency when they desire several advertising options for their brand. Advertisers may choose to work at this agency if they're skilled in an assortment of advertisement skills and enjoy switching between tasks for campaigns. For example, in one campaign, a professional may work on the traditional advertisement and in another campaign, the professional may work on the digital deliverables. Here are some options a full-service advertising agency may offer to clients:

Television advertisements

Advertisement campaigns

Content creation

Search engine optimization (SEO)

Graphic design

Social media management

Radio advertisements

Web development

2. Digital advertising agencies

Digital advertising agencies offer advertising services online. Clients may choose this agency when they only desire to have digital advertisements rather than tangible advertising goods. Professionals may choose to work at this agency when they're passionate about digital advertisement and their strengths are in this area. Other professionals, other than advertisers, can work in this agency, including copywriters, videographers and photographers. Here are some services a digital advertising agency can offer:

- SEO
- Email marketing
- Account-based marketing
- Social media marketing
- Website design and marketing
- Content marketing
- Lead generation

3. Traditional advertising agencies

Traditional advertising agencies offer classic styles of advertising for clients. Clients may choose this agency when they're advertising their business to the local area. Professionals may choose to work at this agency if they have a passion for implementing traditional advertising strategies into campaigns for clients. Some services a traditional advertising agency can offer to its clients include:

- Billboard advertisements
- Postcard mail advertisements

- Television commercial advertisements
- Newspaper advertisements
- Radio advertisements
- Magazine advertisements

4. Social media advertising agencies

Social media advertising agencies offer its clients social media-focused advertising. You may choose to work in this agency if you're a content creator or have significant knowledge of social media to help optimize accounts for clients. Clients may choose to have this agency help them with their advertising if they desire an increase in their social media engagement or more traffic going to their website through their social media accounts. Professionals work with their clients to ensure the advertising strategy aligns with their business strategies. Here are some services this agency can offer their clients:

- Establish social media advertisement optimization
- Design profiles
- Write blog posts
- Produce videos
- Create content
- Write captions

5. Creative boutiques

Creative boutiques offer a variety of creative design options for its clients based on their needs. This type of agency allows clients to monitor how their campaign is performing on their own. A creative boutique also allows clients the ability to choose where they place their advertisements. For example, they can choose to place them as an online banner on third-party websites or as sponsored social media posts. A client may choose this agency when they lack creative professionals to produce the desired content.Professionals may choose to work at a creative boutique because they can create the content and give the analytical portion to the client. Some services this agency can offer its clients include:

- Building an online community
- Creating content, such as social media posts, blog posts or videos
- Planning campaign strategies

6. Media buying agencies

Media buying agencies work with their clients to choose the best location to place their advertising material. This can include deciding where most consumers may view the material and who is more likely to act on the advertisement when they see it. In this agency, it can include both digital and print campaigns. For example, if a client has a television advertisement for their small pizza shop business, a professional at this agency may suggest placing the television advertisement on a local channel during the news slot.This can help ensure several individuals in the area are viewing the advertisement for their

new local pizza establishment to try.Related: 6 Types of Advertising Media and How To Measure Their Impact

7. Public relations advertising agencies

Public relations (PR) advertising agencies help their clients enhance and maintain their public image. The public image can include the company, its employees and the CEO. A PR advertisement agency can work with companies to feature their business in the news, local or digital community and other industry websites. Clients may choose to use a PR advertising agency to improve the public image of their brand or increase public awareness about them. Professionals may choose to work at this agency because they're passionate about public relations and collaborating with brands.Related: Advertising vs. Public Relations (PR): 5 Key Differences

8. Brand advertising agencies

Brand advertising agencies offer a specialty in branding for clients. Branding is a company's name, logo, colors and overall design that differentiates them from other companies. The goal of branding is to make it recognizable and memorable for consumers to recall. Professionals working at these agencies conduct brand and industry research to determine an effective plan for a brand. Clients may choose this agency when they're starting a new business or wanting a rebranding of their existing business. Professionals may choose to work here because they're creative and have a passion for creating brand identities for clients.Some services a brand advertising agency may offer their clients include:

- Logo designs
- Signage
- Brand name development
- Color palettes

9. In-house advertising agencies

In-house advertising agencies are agencies that operate within an existing company. This means the agency exists to operate for a single client, which is the company that owns them. For example, a multi-national clothing company has created its own advertising agency in the office to focus on creating an advertising campaign for the clothing company. Clients may choose this because it saves them money from outsourcing the work.

10. Interactive advertising agencies

Interactive advertising agencies are like digital advertising agencies, but it focuses on the consumer interacting with the advertisement online. For example, a client may request to send their advertisement to mobile phones as personal messages if the consumer opts into the messages. This is interactive to the consumer because it comes to their phone, often with a link they can click on and follow to the website. Clients may choose this advertiser to increase their online engagement and encourage consumers to click on the advertisements that redirect them to their site.

13.4 Summary

An advertising agency is a business that helps its clients with their advertisements and other marketable material to promote an image, product or

business. Professionals working at an agency can meet with their clients to determine their advertising needs. From there, they can develop plans based on the guidelines of the client or collaborate with the client for their advertising plans. Some agencies offer clients a full service, which includes everything a client may require when advertising or agencies can focus on a specialty area, such as social media.

The services an advertising agency can offer can vary depending on its area of specialties. The general duties of an ad agency can include creating advertisement plans, print or digital, planning how to execute the project and communicating with the client for their guidance and approval of a campaign. Professionals working in an agency may also work under tight deadlines if the client requests last-minute changes to make to the campaign. These agencies are also responsible for the quality assurance of the campaigns.After ensuring the advertisement campaign is up to the client's standards, the agency delivers the final product to the client, either with a digital file or with tangible print goods. An agency may also monitor how a campaign is performing and report the results back to their client. This can give them a sign of what to improve next time and what's working effectively for the client and consumers.

13.5 Test your progress

13.2 What advertising agency do?

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13.3 What are the types of advertising agencies?

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13. 6 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 14 : REORGANIZING AGENCY

Unit Structure

14.0 Objectives

14.1 Introduction

14.2 Why does a marketing department reorganize?

14.3 Who should guide the marketing department reorganization?

14.4 Types of reorganization

14.5 How do consulting firms help with marketing department reorganization?

14.6 How to do a marketing department reorganization step-by-step?

14.7 Case studies about brands with results from a marketing department reorganization

14. 8 Summary

14. 9 Test Your Progress

14.10 Suggested Readings

14.0 Objectives

After completing this unit you will be able to:

> Learn in depth about market department reorganisation

> Understand the concepts about types of reorganisation

> Know about the importance of marketing department reorganization step-by-step

> Learn about the consulting firms help with marketing department reorganization

14.1 Introduction

A marketing department reorganization can mean different things to different companies, but some commonalities exist. A reorganization often involves creating new roles and responsibilities and redistributing tasks among team members. It can also involve changes to how work is done, such as moving from a project-based to a task-based system.

A marketing department reorganization can be a great way to improve efficiency and maximize productivity. You can create a smooth-running machine that produces amazing results by assessing your team's strengths and weaknesses and developing a plan that best utilizes everyone's skills. Need help getting started?

14.2 Why does a marketing department reorganize?

There are several reasons you want to reorganize your marketing department.

Maybe profits are down, and you need to find ways to cut costs. Maybe the team is struggling to keep up with the demands of current projects. Or maybe you feel you could run more efficiently.

Whatever the reason, a marketing department reorganization can be a great way to improve productivity and efficiency.

You can create a smooth-running machine that produces amazing results by assessing your team's strengths and weaknesses and developing a plan that best utilizes everyone's skills. Need help getting started? Check out this article for tips on successfully reorganizing your marketing department!

14.3 Who should guide the marketing department reorganization?

Who should you turn to for guidance if you want to reorganize your marketing department or an accountant? A tax specialist? Both professionals can help navigate complex accounting and tax laws, but they may not be well-versed in marketing principles.

A better option would be to consult a marketing expert. Someone with years of experience in the field and a deep understanding of how to make your marketing department run like a well-oiled machine. That's where we come in! At our company, we have years of experience helping businesses just like yours improve their marketing ROI.

14.4 Types of reorganization

There are several types of a marketing department reorganization, but most can be divided into two categories: project-based and task-based.

Project-based reorganization is when work is organized by project. Team members are assigned to specific projects and are responsible for completing all tasks related to that project. This type of reorganization is common in smaller companies where there isn't enough work for everyone to be constantly busy.

Task-based reorganization is when work is organized by task. Team members are given a list of tasks to complete, and they can choose which tasks they want to work on. This type of reorganization is common in larger companies where team members have various skills and can be assigned various tasks.

Both types of reorganization have pros and cons, so choosing the one that best suits your company's needs is important.

14.5 How do consulting firms help with marketing department reorganization?

Consulting firms can be a great resource regarding marketing department reorganization. They have years of experience in the field and a deep understanding of how to make your marketing department run like a well-oiled machine.

They can help assess your team's strengths and weaknesses and develop a plan that best utilizes everyone's skills. They can also guide new roles and responsibilities and change how work is done.

If you're considering reorganizing your marketing department, a consulting firm is a great start. They can help you navigate the complex accounting and tax laws, and they'll have tons of helpful advice on how to improve your marketing ROI. Contact us today for more information!

14.6 How to do a marketing department reorganization step-by-step?

Doing a marketing department reorganization can seem daunting, but with careful planning and execution, it can be a smooth transition. You'll want to start by assessing your team's strengths and weaknesses, then develop a plan that best utilizes everyone's skills. You'll also need to create new roles and responsibilities and ensure all the necessary tools and resources are in place. You can run your marketing department like a well-oiled machine with little effort!

Step 1: Assess your team's strengths and weaknesses.

The first step in reorganizing your marketing department is to assess your team's strengths and weaknesses. This will give you a good starting point for creating new roles and responsibilities. Take some time to sit down with your team and brainstorm what everyone's strengths and weaknesses are. Once you have a good understanding of everyone's skills, you can start developing a plan that best utilizes everyone's talents.

Step 2: Develop a plan that best utilizes everyone's skills

Now that you know your team's strengths and weaknesses, it's time to develop a plan that best utilizes everyone's skills. Utilizing everyone's strengths will help create a well-rounded team that can handle any situation that comes their way. You'll also want to consider creating new roles and responsibilities that better fit each team member's skill set. This will ensure that everyone is working to their fullest potential and that your marketing department runs as efficiently as possible.

Step 3: Create new roles and responsibilities

Once you have a plan, it's time to start creating new roles and responsibilities. This is where you'll need to get creative and think outside the box. You may need to create entirely new positions or simply adjust existing ones. Either way, it's important to tailor the roles and responsibilities to fit each team member's skill set. This will ensure that everyone can contribute meaningfully and that your marketing department is running smoothly.

Step 4: Ensure all the necessary tools and resources are in place.

The final step in reorganizing your marketing department is ensuring all the necessary tools and resources are in place. This includes your team's budgeting, software, and other materials to succeed. Without these tools, your team will likely struggle to meet its goals. Ensure you have everything taken care of before you begin the reorganization process so your team can hit the ground running.

A marketing department reorganization can be a smooth transition with careful planning and execution.

By taking the time to assess your team's strengths and weaknesses, develop a plan that best utilizes everyone's skills, and create new roles and responsibilities, you can ensure that your marketing department is running like a well-oiled machine.

14.7 Case studies about brands with results from a marketing department reorganization

To successfully reorganize your marketing department, it's important to look at case studies of brands that have undergone a similar process. By studying the successes and failures of other companies, you can learn what to do – and what not to do – during your reorganization.

One brand that successfully revamped its marketing department was Coca-Cola. After realizing that its marketing efforts were no longer resonating with consumers, the company restructured its team to be more agile and innovative. The new team was divided into four main areas: brand communications, customer insights, commercial strategy, and innovation. This reorganization allowed Coca-Cola to understand its customers better and create campaigns that appealed to them. As a result, the brand's market share increased by 2%.

Another brand that saw success after restructuring its marketing department was Ford. To become more customer-centric, Ford created a new team called "Consumer Experience." This team was responsible for developing customer insights, creating an engagement strategy, and overseeing execution. The results of this reorganization were impressive; Ford's market share increased by 6%, and its operating income grew by $2 billion.

While both Coca-Cola and Ford had successful marketing department reorganizations, it's important to note that not every company is guaranteed success. Yahoo is a prime example of a company that failed miserably after restructuring its marketing department. To become more like Google, Yahoo created the "Strategic Development Group," responsible for developing innovative products and services. However, this group was unsuccessful due to a lack of direction and unclear objectives. As a result, Yahoo's market share decreased by 23%.

So what can we learn from these case studies?

Here are some key takeaways:

1. Assess your team's strengths and weaknesses before restructuring your marketing department. This will help you develop a plan that utilizes everyone's skills effectively.

2. Create new roles and responsibilities within your department to ensure all necessary tasks are completed.

3. Make sure you have the necessary tools and resources before starting the reorganization process. This will help avoid any disruptions during the transition period.

4. Be patient; restructuring your marketing department can be daunting, but with careful planning and execution, it can be a smooth transition!

When it comes to marketing, most brands struggle with how to be agile and innovative.

You need an agile and innovative team to keep up with the ever-changing marketing landscape. This can be hard to achieve if your team is stuck in their ways.

Reorganize your marketing department by dividing it into four main areas: brand communications, customer insights, commercial strategy, and innovation.

This will allow your team to understand your customers better and create campaigns that appeal to them. As a result, your brand's market share will increase!

14. 8 Summary

A marketing department reorganization can mean different things to different companies, but some commonalities exist. A reorganization often involves creating new roles and responsibilities and redistributing tasks among team members. It can also involve changes to how work is done, such as moving from a project-based to a task-based system.

Consulting firms can be a great resource regarding marketing department reorganization. They have years of experience in the field and a deep understanding of how to make your marketing department run like a well-oiled machine.

They can help assess your team's strengths and weaknesses and develop a plan that best utilizes everyone's skills. They can also guide new roles and responsibilities and change how work is done.

14. 9 Test Your Progress

1. Why does a marketing department reorganize?

2. Who should guide the marketing department reorganization?

3. What are different types of reorganization?

4. How do consulting firms help with marketing department reorganization?

5. How to do a marketing department reorganization step-by-step?

6. Mention the Case studies about brands with results from a marketing department reorganization

14.10 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 15 : GLOBAL STANDARDS OF AGENCY FUNCTIONING

Unit Structure

15.0 Objectives

15.1 Introduction

15.2 History

15. 3 Early standards organizations

15.4 International standards associations

15.5 Overview

15.6 International standards organizations

15.7 Regional standards organizations

15.8 National standards bodies

15.9 Standards developing organizations (SDOs)

15.10 Scope of work

15.11 Standards distribution and copyright

15.12 Summary

15.13 Test your Knowledge

15.14 Further readings

15.0 Objectives

After completing this unit you will be able to:

> Learn in depth about Early standards organizations

> Understand the concepts about International standards associations

> Know about the importance of National standards bodies

> Learn about the Standards developing organizations (SDOs)

15.1 Introduction

A standards organization, standards body, standards developing organization (SDO), or standards setting organization (SSO) is an organization whose primary function is developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise producing technical standards to address the needs of a group of affected adopters. Put another way, such an organization works to create uniformity across producers, consumers, government agencies, and other relevant parties regarding terminology, product specifications (e.g. size, including units of measure), protocols, and more. Its goals could include ensuring that Company A's external hard drive works on Company B's computer, your blood pressure measures the same with Company C's sphygmomanometer as it does with Company D's, or that all shirts that should not be ironed have the same icon (an iron crossed out with an X) on the

label.

Most standards are voluntary in the sense that they are offered for adoption by people or industry without being mandated in law. Some standards become mandatory when they are adopted by regulators as legal requirements in particular domains, often for the purpose of safety or for consumer protection from deceitful practices.

The term *formal standard* refers specifically to a specification that has been approved by a standards setting organization. The term *de jure standard* refers to a standard mandated by legal requirements or refers generally to any formal standard. In contrast, the term *de facto standard* refers to a specification (or protocol or technology) that has achieved widespread use and acceptance – often without being approved by any standards organization (or receiving such approval only after it already has achieved widespread use). Examples of de facto standards that were not approved by any standards organizations (or at least not approved until after they were in widespread *de facto* use) include the Hayes command set developed by Hayes, Apple's TrueType font design and the PCL protocol used by Hewlett-Packard in the computer printers they produced.

Normally, the term *standards organization* is not used to refer to the individual parties participating within the standards developing organization in the capacity of founders, benefactors, stakeholders, members or contributors, who themselves may function as the standards organizations.

15.2 History

Standardization

Graphic representation of formulae for the pitches of threads of screw bolts
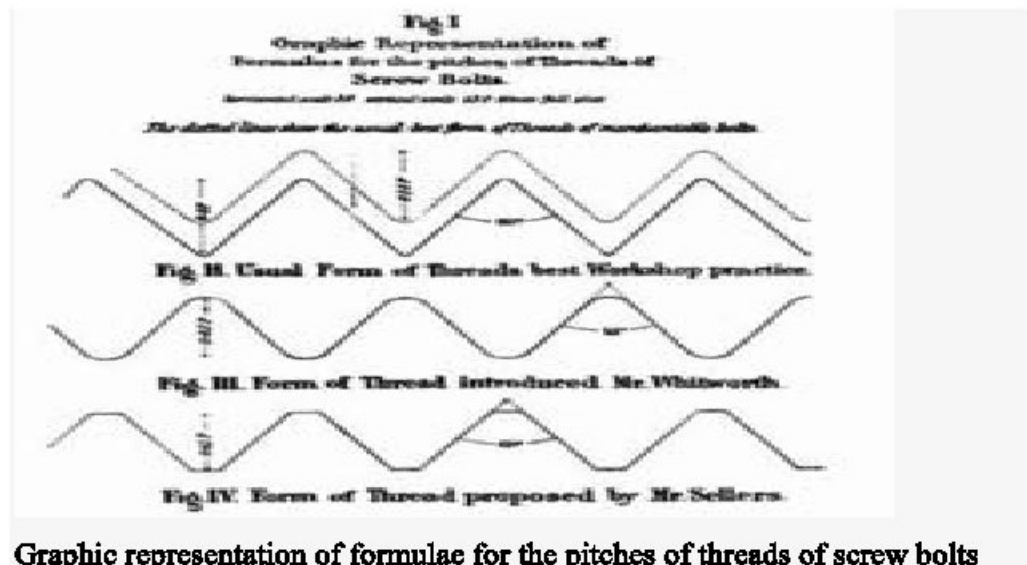
The implementation of standards in industry and commerce became highly important with the onset of the Industrial Revolution and the need for high-precision machine tools and interchangeable parts. Henry Maudslay developed the first industrially practical screw-cutting lathe in 1800, which allowed for the standardization of screw thread sizes for the first time.

Maudslay's work, as well as the contributions of other engineers, accomplished

a modest amount of industry standardization; some companies' in-house standards spread a bit within their industries. Joseph Whitworth's screw thread measurements were adopted as the first (unofficial) national standard by companies around the country in 1841. It came to be known as the British Standard Whitworth, and was widely adopted in other countries.

15. 3 Early standards organizations

By the end of the 19th century differences in standards between companies was making trade increasingly difficult and strained. For instance, an iron and steel dealer recorded his displeasure in *The Times*: "Architects and engineers generally specify such unnecessarily diverse types of sectional material or given work that anything like economical and continuous manufacture becomes impossible. In this country no two professional men are agreed upon the size and weight of a girder to employ for given work".

The Engineering Standards Committee was established in London in 1901 as the world's first national standards body. It subsequently extended its standardization work and became the British Engineering Standards Association in 1918, adopting the name British Standards Institution in 1931 after receiving its Royal Charter in 1929. The national standards were adopted universally throughout the country, and enabled the markets to act more rationally and efficiently, with an increased level of cooperation.

After the First World War, similar national bodies were established in other countries. The Deutsches Institut für Normung was set up in Germany in 1917, followed by its counterparts, the American National Standard Institute and the French Commission Permanente de Standardisation, both in 1918.

International organizations

Several international organizations create international standards, such as Codex Alimentarius in food, the World Health Organization Guidelines in health, or ITU Recommendations in ICT and being publicly funded, are freely available for consideration and use worldwide.

15.4 International standards associations

In 1904, Crompton represented Britain at the Louisiana Purchase Exposition in St. Louis, Missouri, as part of a delegation by the Institute of Electrical Engineers. He presented a paper on standardization, which was so well received that he was asked to look into the formation of a commission to oversee the process. By 1906 his work was complete and he drew up a permanent terms for the International Electrotechnical Commission.[6] The body held its first meeting that year in London, with representatives from 14 countries. In honour of his contribution to electrical standardization, Lord Kelvin was elected as the body's first President.

Memorial plaque of founding ISA in Prague

The International Federation of the National Standardizing Associations (ISA) was founded in 1926 with a broader remit to enhance international cooperation for all technical standards and specifications. The body was suspended in 1942 during World War II.

After the war, ISA was approached by the recently formed United Nations Standards Coordinating Committee (UNSCC) with a proposal to form a new global standards body. In October 1946, ISA and UNSCC delegates from 25 countries met in London and agreed to join forces to create the new International Organization for Standardization (ISO); the new organization officially began operations in February 1947.

15.5 Overview

Standards organizations can be classified by their role, position, and the extent of their influence on the local, national, regional, and global standardization arena.

By geographic designation, there are international, regional, and national standards bodies (the latter often referred to as NSBs). By technology or industry designation, there are standards developing organizations (SDOs) and also standards setting organizations (SSOs) also known as consortia. Standards organizations may be governmental, quasi-governmental or non-governmental entities. Quasi- and non-governmental standards organizations are often non-profit organizations.

15.6 International standards organizations

The British Standards Institution building as it appeared in 1997

Broadly, an international standards organization develops international

standards. (This does not necessarily restrict the use of other published standards internationally.)

There are many international standards organizations. The three largest and most well-established such organizations are the International Organization for Standardization, the International Electrotechnical Commission, and the International Telecommunication Union (ITU), which have each existed for more than 50 years (founded in 1947, 1906, and 1865, respectively) and are all based in Geneva, Switzerland. They have established tens of thousands of standards covering almost every conceivable topic. Many of these are then adopted worldwide replacing various incompatible "homegrown" standards. Many of these standards are naturally evolved from those designed in-house within an industry, or by a particular country, while others have been built from scratch by groups of experts who sit on various technical committees (TCs). These three organizations together comprise the World Standards Cooperation (WSC) alliance.

ISO is composed of the national standards bodies (NSBs), one per member economy. The IEC is similarly composed of national committees, one per member economy. In some cases, the national committee to the IEC of an economy may also be the ISO member from that country or economy. ISO and IEC are private international organizations that are not established by any international treaty. Their members may be non-governmental organizations or governmental agencies, as selected by ISO and IEC (which are privately established organizations).

The ITU is a treaty-based organization established as a permanent agency of the United Nations, in which governments are the primary members, although other organizations (such as non-governmental organizations and individual companies) can also hold a form of direct membership status in the ITU as well. Another example of a treaty-based international standards organization with government membership is the Codex Alimentarius Commission.

Associação Brasileira de Normas Técnicas building, as seen in 2014

In addition to these, a large variety of independent international standards organizations such as the ASME, the ASTM International, the International Commission on Illumination (CIE), the IEEE, the Internet Engineering Task Force (IETF), SAE International, TAPPI, the World Wide Web Consortium (W3C), and the Universal Postal Union (UPU) develop and publish standards for a variety of international uses. In many such cases, these international standards organizations are not based on the principle of one member per country. Rather, membership in such organizations is open to those

interested in joining and willing to agree to the organization's by-laws – having either organizational/corporate or individual technical experts as members.

The Airlines Electronic Engineering Committee (AEEC) was formed in 1949 to prepare avionics system engineering standards with other aviation organizations RTCA, EUROCAE, and ICAO. The standards are widely known as the ARINC Standards.

15.7 Regional standards organizations

Regional standards bodies also exist, such as the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC), the European Telecommunications Standards Institute (ETSI), and the Institute for Reference Materials and Measurements (IRMM) in Europe, the Pacific Area Standards Congress (PASC), the Pan American Standards Commission (COPANT), the African Organisation for Standardisation (ARSO), the Arabic industrial development and mining organization (AIDMO), and others.

In the European Union, only standards created by CEN, CENELEC, and ETSI are recognized as *European standards* (according to Regulation (EU) No 1025/2012[11]), and member states are required to notify the European Commission and each other about all the draft technical regulations concerning ICT products and services before they are adopted in national law.[12] These rules were laid down in Directive 98/34/EC with the goal of providing transparency and control with regard to technical regulations.[12]

Sub-regional standards organizations also exist such as the MERCOSUR Standardization Association (AMN), the CARICOM Regional Organisation for Standards and Quality (CROSQ), and the ASEAN Consultative Committee for Standards and Quality (ACCSQ), EAC East Africa Standards Committee www.eac-quality.net, and the GCC Standardization Organization (GSO) for Arab States of the Persian Gulf.

15.8 National standards bodies

In general, each country or economy has a single recognized national standards body (NSB). A national standards body is likely the sole member from that economy in ISO; ISO currently has 161 members. National standards bodies usually do not prepare the technical content of standards, which instead is developed by national technical societies.

Example national standards bodies

Organization	Initials	Country
American National Standards Institute	ANSI	United States
Asociación Española de Normalización y Certificación, Spanish Association for Standardization and Certification	AENOR	Spain

Example national standards bodies		
Organization	Initials	Country
Association Française de Normalisation, French Association for Standardization	AFNOR	France
Badan Standardisasi Nasional	BSN	Indonesia
Bangladesh Standards and Testing Institution	BSTI	Bangladesh
Brazilian National Standards Organization	ABNT	Brazil
British Standards Institution	BSI	United Kingdom
Bulgarian Institute for Standardization	BDS	Bulgaria
Bureau voor Normalisatie/Bureau de Normalisation	NBN	Belgium
Bureau of Indian Standards	BIS	India
Bureau of Standards Jamaica	BSJ	Jamaica
Dirección General de Normas	DGN	Mexico
Deutsches Institut für Normung	DIN	Germany
Eesti Standardimis- ja Akrediteerimiskeskus, Estonian Centre for Standardisation	EVS	Estonia
Ente Nazionale Italiano di Unificazione	UNI	Italy
Euro-Asian Council for Standardization, Metrology and Certification	GOST	Russia (Soviet Union)
Finnish Standards Association	SFS	Finland
Institut Luxembourgeois de la normalisation, de l'Accréditation, de la Sécurité et qualité des produits et services, Luxembourg Institute for Standardization, Accreditation, Security, and Quality of	ILNAS	Luxembourg

Example national standards bodies		
Organization	Initials	Country
Products and Services		
Instituto Argentino de Normalización y Certificación	IRAM	Argentina
Instituto Colombiano de Normas Técnicas y Certificación, Colombian Institute of Technical Standards and Certification	ICONTEC	Colombia
Japanese Industrial Standards Committee	JISC	Japan
Koninklijk Nederlands Normalisatie Instituut	NEN	Netherlands
Korean Agency for Technology and Standards	KATS	South Korea
Magyar Szabványügyi Testület, Hungarian Standards Institution	MSZT	Hungary
Organismul Național de Standardizare, Romanian Standards Association	ASRO	Romania
South African Bureau of Standards	SABS	South Africa
Standardization Administration of China	SAC	China
Standards Council of Canada	SCC	Canada
Standards New Zealand	SNZ	New Zealand
Standards Norway	SN	Norway
Standards Organisation of Nigeria	SON	Nigeria
Swedish Standards Institute	SIS	Sweden
Swiss Association for Standardization	SNV	Switzerland
Turkish Standards Institution	TSE	Turkey
Standards Australia	SAI	Australia

Example national standards bodies		
Organization	Initials	Country
Jabatan Standard Malaysia	DSM	Malaysia
Instituto Português da Qualidade, Portuguese Institute for Quality	IPQ	Portugal

NSBs may be either public or private sector organizations, or combinations of the two. For example, the Standards Council of Canada is a Canadian Crown Corporation, Dirección General de Normas is a governmental agency within the Mexican Ministry of Economy, and ANSI is a 501(c)(3) non-profit U.S. organization with members from both the private and public sectors. The National Institute of Standards and Technology (NIST), the U.S. government's standards agency, cooperates with ANSI under a memorandum of understanding to collaborate on the United States Standards Strategy. The determinates of whether an NSB for a particular economy is a public or private sector body may include the historical and traditional roles that the private sector fills in public affairs in that economy or the development stage of that economy.

15.9 Standards developing organizations (SDOs)

A *national standards body* (NSB) generally refers to one standardization organization that is that country's member of the ISO. A *standards developing organization* (SDO) is one of the thousands of industry- or sector-based standards organizations that develop and publish industry specific standards. Some economies feature only an NSB with no other SDOs. Large economies like the United States and Japan have several hundred SDOs, many of which are coordinated by the central NSBs of each country (ANSI and JISC in this case). In some cases, international industry-based SDOs such as the CIE, the IEEE and the Audio Engineering Society (AES) may have direct liaisons with international standards organizations, having input to international standards without going through a national standards body. SDOs are differentiated from standards setting organizations (SSOs) in that SDOs may be accredited to develop standards using open and transparent processes.

15.10 Scope of work

Developers of technical standards are generally concerned with interface standards, which detail how products interconnect with each other, and safety standards, which established characteristics ensure that a product or process is safe for humans, animals, and the environment. The subject of their work can be narrow or broad. Another area of interest is in defining how the behavior and performance of products is measured and described in data sheets.

Overlapping or competing standards bodies tend to cooperate purposefully, by seeking to define boundaries between the scope of their work, and by operating in a hierarchical fashion in terms of national, regional and international scope;

international organizations tend to have as members national organizations; and standards emerging at national level (such as BS 5750) can be adopted at regional levels (BS 5750 was adopted as EN 29000) and at international levels (BS 5750 was adopted as ISO 9000).

Unless adopted by a government, standards carry no force in law. However, most jurisdictions have truth in advertising laws, and ambiguities can be reduced if a company offers a product that is "compliant" with a standard.

Standards development process

When an organization develops standards that may be used openly, it is common to have formal rules published regarding the process. This may include:

- Who is allowed to vote and provide input on new or revised standards
- What is the formal step-by-step process
- How are bias and commercial interests handled
- How negative votes or ballots are handled
- What type of consensus is required

Though it can be a tedious and lengthy process, formal standard setting is essential to developing new technologies. For example, since 1865, the telecommunications industry has depended on the ITU to establish the telecommunications standards that have been adopted worldwide. The ITU has created numerous telecommunications standards including telegraph specifications, allocation of telephone numbers, interference protection, and protocols for a variety of communications technologies. The standards that are created through standards organizations lead to improved product quality, ensured interoperability of competitors' products, and they provide a technological baseline for future research and product development. Formal standard setting through standards organizations has numerous benefits for consumers including increased innovation, multiple market participants, reduced production costs, and the efficiency effects of product interchangeability.

15.11 Standards distribution and copyright

Some standards – such as the SIF Specification in K12 education – are managed by a non-profit organizations composed of public entities and private entities working in cooperation that then publish the standards under an open license at no charge and requiring no registration.

A technical library at a university may have copies of technical standards on hand. Major libraries in large cities may also have access to many technical standards.

Some users of standards mistakenly assume that all standards are in the public domain. This assumption is correct only for standards produced by the central governments whose publications are not amenable to copyright or to organizations that issue their standard under an open license. Any standards produced by non-governmental entities remain the intellectual property of their developers (unless specifically designed otherwise) and are protected, just like

any other publications, by copyright laws and international treaties. However, the intellectual property extends only to the standard itself and not to its use. For instance if a company sells a device that is compliant with a given standard, it is not liable for further payment to the standards organization except in the special case when the organization holds patent rights or some other ownership of the intellectual property described in the standard.

It is, however, liable for any patent infringement by its implementation, just as with any other implementation of technology. The standards organizations give no guarantees that patents relevant to a given standard have been identified. ISO standards draw attention to this in the foreword with a statement like the following: "Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO and IEC shall not be held responsible for identifying any or all such patent rights".[14] If the standards organization is aware that parts of a given standard fall under patent protection, it will often require the patent holder to agree to Reasonable and non-discriminatory licensing before including it in the standard. Such an agreement is regarded as a legally binding contract, as in the 2012 case *Microsoft v. Motorola.*

15.12 Summary

The ever-quickening pace of technology evolution is now more than ever affecting the way new standards are proposed, developed and implemented.

Since traditional, widely respected standards organizations tend to operate at a slower pace than technology evolves, many standards they develop are becoming less relevant because of the inability of their developers to keep abreast with the technological innovation. As a result, a new class of standards setters appeared on the standardization arena: the industry consortia or standards setting organizations (SSOs). Despite having limited financial resources, some of them enjoy truly international acceptance. One example is the World Wide Web Consortium (W3C), whose standards for HTML, CSS, and XML are used universally. There are also community-driven associations such as the Internet Engineering Task Force (IETF), a worldwide network of volunteers who collaborate to set standards for lower-level software solutions.

Some industry-driven standards development efforts don't even have a formal organizational structure. They are projects funded by large corporations. Among them are the OpenOffice.org, an Apache Software Foundation-sponsored international community of volunteers working on an open-standard software that aims to compete with Microsoft Office, and two commercial groups competing fiercely with each other to develop an industry-wide standard for high-density optical storage.

15. 12 Test Your Progress

1. What are Early standards organizations
2. Explain the International standards associations
3. What ate the International standards organizations
4. What are the Regional standards organizations

5. Explain the National standards bodies

6. Explain the Standards developing organizations (SDOs)

7. Explain Standards distribution and copyright

15.13 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

UNIT 16 : ADVERTISING ETHICS

Unit Structure

16.0 Objectives

16.1 Advertising Ethics

16.2 Meaning of advertising Ethics

16.3 Meaning of Ethics

16.4 Meaning of Consumer Protection

16.5 Unethical Practises

16.6 Guidelines Laid By IAE & ASCI

16.7 Self Regulation and Consumer Protection Laws

16.8 Laws Pertaining To Consumer Protection

16.0 Objectives

After completing this unit you will be able to:

- ➢ Learn in depth about Advertising Ethics
- ➢ Understand the concepts about Meaning of advertising Ethics
- ➢ Know about the importance of Meaning of Consumer Protection
- ➢ Learn about the Unethical Practises
- ➢ Have an in depth knowledge about the Guidelines Laid By IAE & ASCI
- ➢ Get to know about the Self Regulation and Consumer Protection Laws

16.1. Advertising Ethics

In today's competitive, globalised and liberalized market, it is free for all advertisers to publish anything which now and then after the exploitative practices to battle the challenge among various brands. For a long time, the advertising business has rehearsed and advanced deliberate self-guideline. Most sponsors and media perceive the significance of keeping up buyer trust and certainty. The hover of self-guideline in advertising is enlarging step by step. Indeed, even the code of morals drawn up by the Advertising Standards Council of India (ASCI) has not had a lot of effects since it doesn't give answers for each exploitative practice.

16.2 Meaning of advertising Ethics

Advertising is a method for correspondence with the clients of an item or administration. Commercials are messages paid for by the individuals who send them and are planned to educate or impact individuals who get them, as characterized by the Advertising Association of the UK. In this day and age, advertising utilizes each potential media to get its message through. It does this by means of TV, print (papers, magazines, diaries and so on), radio, press, web, direct selling, hoardings, mailers, challenges, sponsorships, notices, garments, occasions, hues, sounds, visuals and even endorsements.

The advertising industry consists of companies that are hired by companies who

want to advertise their product and often asked to make advertisements that directs the viewer's attention to the advertisement and in return of humongous money charged these advertisers add some "MAGIC MASALA" to the product which sometimes affects the sale of the no demanded product resulting in demand from zero to infinity. Sometimes these advertisements are directed to a specific group such as children or some peer groups. Some unethical practices are often followed by advertisers like adding unnecessary claims to a specific product.

E.g. An advertisement portraying that underwear can manage to get you a girlfriend and girls are attracted to you after watching this some consumers must have really tried but sadly after trying they will be under dilemma that they have been cheated, these companies can go to any extent to earn more and more profits.

16.3 Meaning of Ethics

Ethics implies a lot of good rules that administer an individual's conduct or how the movement is led. Ethical advertising implies a method of correspondence between a merchant and a purchaser. Therefore ethics in advertising implies a lot of well-characterized standards which oversee the methods for correspondence occurring between the vendor and the purchaser. Ethics is the most significant component of the advertising business. In spite of the fact that there are numerous advantages of advertising then there are a few focuses which don't coordinate the moral standards of advertising.

A moral advertisement is the one which doesn't lie, doesn't make phoney or bogus cases and is in the point of confinement of decency. These are sure standards and good commitments which must be trailed by organizations and establishments.

16.4 Meaning of Consumer Protection

However, Black's Law Dictionary defines "a consumer" as:

"A person who buys goods or services from personal, family or household use, with no intention of resale, a natural person who uses products for personal rather than business purposes."

Consumer Protection is a collection of protection laws which imposes some regulations on advertisers so as to ensure some rights of consumers, now the question arises who is a consumer.

Section 2(f) of the Competition Act, 2002 defines consumers as a person who purchases any products or services for a consideration which has been paid and guaranteed under any arrangement of conceded payment and incorporates any client of such merchandise other than the person who purchases such merchandise for consideration paid or guaranteed or incompletely paid or somewhat guaranteed, or under any arrangement of conceded payment when such use is made with the endorsement of such person, regardless of whether such acquisition of products is for resale or for any business reasons or for personal use.

Thus there are some legal rights which remain violated by these deceptive, false and misrepresented advertisements, which are often overlooked by authorities but it must not always be the case as far rights of a person are concerned.

16.5 Unethical Practises

There is no doubt that advertising is very essential in order to get a consumer about different products, it is a pervasive process and omnipresent as products tend to produce so for selling this tool is required Advertising contributes to having both negative & positive influence on society. It is criticized for encouraging materialism, manipulating consumer to buy things they do not need; stereotyping, fraudulent & so on. So we need advertising ethics and some self-regulation so as to avoid these criticisms concerning influence in today's market on consumers and to know as to why there is need for these ethics and how it is related with the rights of an honest consumer. Some of them are as follows:

1. **Puffery/Fraudulation:** Now a day's 'puffery' i.e. "metaphor of idea" forms to be the main element in advertising. From one viewpoint the critic pundits denounce it, while supporters opined that it is safeguarded for sponsors and advertising experts opined it as a helping operator to separate their brands from the contenders. Puffery is viewed as an 'assessment' and not 'truthful data'. Publicists guarantee that the purchasers are sufficiently wise to recognize truth and distortion. Besides they are not aimlessly going to think about everything in that capacity introduced in a promotion. In any case, the investigations uncover that regularly numerous individuals begin trusting them and purchase those items that have overstated cases in their notices. With the utilization of enhancements misrepresenting the "quality" and utilizing different "offers" promoters performed their items to such a degree, that reality takes a rearward sitting arrangement. E.g. There is a famous slipper portraying that a person can fly in air after he/she buys that slipper which is really an exaggeration of a fact, also that a mountain climber must purchase a mountain dew so that he/she could climb the highest peak of a mountain range.

2. **Deceptiveness or falseness in a product:** A study shows that when false and deceptive things about a product are shown again and again by the means of media, a consumer is forced to buy the product. False and subjective claims about the products, is sometimes believed but are untruthful and misleading. E.g. If a retailer claims that he is offering a special discount on his goods as part of a festival celebration, while he is actually using the festival as an excuse to get rid of old and outdated goods, then he is deceiving consumers.

3. **Offensive and Nudity:** Consumers can be seriously injured or offended mentally by advertising in an infinite number of ways. E.g. the way the advertisements of Contraceptives & Personal Hygiene are promoted, lays a lethal in the mindset of the people and has a serious impact on the children. Therefore a strict Regulation must be taken. It is not necessary to portray particular sex as a symbol for something.

4. **Persuading people to buy products even not needed:** As indicated by numerous critical pundits that advertising ought not to convince by playing with buyers feelings, tensions, mental needs and wants, such as status, confidence, allure and so on. Be that as it may, they should simply provide raw data valuable in settling on buy choices, for example, value, execution and other target criteria. E.g. an advertisement depicting that richness of a

person could be valued through a bathroom freshener.

5. **Stereotypes:** It includes exhibiting a gathering of individuals in an example or way that needs singularity. In our general public, we have numerous generalizations like South Indians are erudite people; Punjabi's are uproarious and so on. Relative and little girl in-law consistently battle, father out of the house the board and so on. Ladies. The most disputable of the generalizations depicted in Ads is that of ladies and neglecting to perceive the changing job of ladies in our general public. Critics charge promoters to frequently portray ladies as distracted with excellence, family unit obligations and parenthood.

6. **Women used as sex symbols in advertisements:** The most prone section of society that is mostly used by these peanut minded advertisers, portraying the modesty of women in a negative sense, basically in deodorants and condoms ads the modesty of women in society as a whole is tarnished. They are often portrayed in a salacious state in these advertisements.

7. **Children and adolescents as target groups:** A study shows that children aged from 2-11 years watch 22hours TV per week and see approximately 30000 commercial ads. Studies also reveal that children are the most sophisticated group who keenly and with due attention watch advertisement and thus, giving scope to these advertising agencies to attack these groups and these groups by the means of showing children in their advertisements gain a lot of market or share in a country. Nearly 80% of the advertisements are targeted towards the children in one form or the other.

8. **Unhealthy Brand Comparisons:** Advertisements nowadays are engaged in unhealthy competition practises making it tough and tedious for a consumer to think which product to buy and purchase. This practice often develops a question mark in the consumer's mind. A right example that could be seen in this case is the conflicts between different kinds of toothpaste-like Pepsodent, Colgate and Patanjali.

16.6 Guidelines Laid By IAE & ASCI

With the growth in technology, new ways of reaching consumers have emerged, and it is essential for advertisers to maintain high levels of honesty and ethics. Thus, International advertising ethics means a set of specific principles that regulate the methods of communication between the buyer and the seller. In addition, advertising ethics covers ethical concerns about the advertising message, the consumers targeted by the advert, advertising of controversial products and services and the effects of advertising on social values. Some of the guidelines listed by the Institute for advertising ethics and Advertising standards councils of India are as follows:

Guidelines By IAE

Guideline 1– Advertising, marketing interchanges, news, and publication all offer a typical goal of truth and high moral gauges in serving general society. Research shows that consumers place high an incentive in legit and moral advertising. While the industry has for quite some time been focused on the best expectations of truth and precision, professionals should additionally improve their advertising ethics so

as to fabricate and keep customer trust.

Guideline 2– Advertising and all marketing interchanges experts have a commitment to practice the most noteworthy personal ethics in the creation and scattering of business data to consumers. The principal crucial of IAE is to regulate industry experts about the significance of honest, moral advertising. The objective is to pass on their duty to show polished skills consistently.

Guideline 3– Advertisers ought to obviously recognize advertising, advertising and corporate interchanges from news and article substance and diversion, both on the web and offline platform. As we keep on obscuring the line between business correspondences and publication content, consumers are progressively being deluded and treated dishonestly. To keep away from customer disarray and doubt, the industry must endeavour to unmistakably isolate paid advertising from genuine news.

Guideline 4– Advertisers ought to unmistakably uncover every single material condition, for example, payment or receipt of a free item, influencing support in social and customary channels, just as the character of endorsers, all in light of a legitimate concern for total honesty and straightforwardness. The fame of online networking and verbal marketing brings up issues about the believability of substance. Advertisers must be straightforward about whether bloggers are communicating their own conclusions or are being remunerated by a brand. There must likewise be total honesty in regards to the credibility of remarks on Facebook, Twitter and other internet-based life stages.

Guideline 5– Advertisers should treat consumers genuinely dependent on the idea of the crowd to whom the promotions are coordinated and the idea of the item or administration publicized. Additional consideration must be utilized when advertising to youngsters and other helpless crowds to abstain from deluding or abusing them. Advertisers ought to likewise utilize carefulness dependent on the idea of the item or administration, particularly liquor and physician endorsed drugs.

Guideline 6– Advertisers ought to never bargain consumers' personal security in marketing correspondences, and their decisions with respect to whether to take an interest in giving their data ought to be straightforward and effectively made. As advertisers grow progressively propelled methods for online social focusing on, consumers stress over their protection. Because of buyer concerns and government alerts, marketing and media exchange affiliations are propelling an online self-administrative activity to give consumers more noteworthy authority over the assortment and utilization of web based review information.

Guideline 7– Advertisers ought to follow government, state and neighbourhood advertising laws, and help out industry self-administrative projects for the goals of advertising rehearses. The Federal Trade Commission, the Better Business Bureau and Food and Drug Administration are only a couple of the administrative bodies that advertisers can look to for direction with respect to moral practices. The advertising industry has likewise made an excellent self-administrative program called the National Advertising Review Council (NARC) that spreads both grown-up and youngsters' advertising.

Guideline 8– Advertisers and their organizations, and on the web and disconnected media, ought to examine secretly potential moral concerns, and individuals from

the group making promotions ought to be offered consent to express inside their moral concerns. Setting aside the effort to talk about and resolve moral quandaries is fundamental to rehearsing the most noteworthy moral models. The industry must keep up an open environment where experts don't hesitate to express their sentiments, both positive and negative. The fundamental consideration behind all advertising ought to be what is best for the purchaser, and this will prompt the best game plan.

Guidelines By ASCI

The Advertising Standards Council of India (ASCI), a body that brings together advertisers, ad agencies and the media, has drawn up a detailed and elaborates code on the Code of the Advertising Standards Council of India is listed below in four chapters.

Chapter 1

The promotions must be honest. All portrayal, cases and examinations identified with issues of unbiasedly ascertainable certainty ought to be fit for substantiation and they are required to deliver such substantiation as and when required to create by ASCI, commercials must not twist actualities or misdirect the consumers by methods for suggestions or oversights, promotions will not be allowed to contain any case so overstated as to prompt grave dissatisfaction in the psyches of consumers.

Chapter 2

To guarantee that promotions are not offensive to for the most part acknowledged guidelines to open fairness, commercials will contain nothing profane, obscene or terrible to cause grave or far-reaching offence.

Chapter 3

No commercials will be allowed which will, in general, impel individuals to wrongdoing, issue, viciousness or prejudice and partitions any race, position, shading, ideology or nationality and antagonistically influences well-disposed relations with a remote state, promotions routed to kids will not contain anything in outline or something else, which may result in their physical, mental or moral mischief or which abuses their powerlessness, Advertisements ought to contain nothing in contravention of law.

Chapter 4

Notices containing correlations with different makers or provider or with the items, including those where a contender is named are admissible in light of a legitimate concern for lively challenge and open edification with viewpoint, topic of items and no consumers will be deluded because of such examination, Advertisements must not utilize the name or initials of some other firm, organization or establishment, nor take image of another firm and its items, Advertisements shall not be so like different promotions when all is said in done design, duplicate, trademarks, visual introduction, music or audio cues as to probably misdirect or befuddle consumers.

16.7 Self Regulation and Consumer Protection Laws

Self Regulation

In spite of such sanctions and regulations put forth by the ASCI and some important regulations there persists a loophole in law because of which these advertisers are thinking to take the things for granted, unethical advertising continues to be an apprehension. Thus, there needs to be stringent self-regulation by the advertising units and companies which used to be earlier so as to perform some rights of a consumer.

Self-regulation by advertisers and agencies

Self-regulation starts with the communication of customer and agency when imaginative thoughts are created and submitted for thought. Most organizations have explicit rules, principles and approaches to which their advertisements must follow. Perceiving that their promotions think about the organization, sponsors cautiously examine all messages to guarantee they are predictable with the picture the firm wishes to extend.

Self Regulation by Trade Associations

Numerous industries have additionally created self-administrative projects that are especially valid in industries whose publicizing is inclined to the discussion, for example, alcohol and mixed refreshments, drugs, and different items showcased to youngsters. Many exchanges and industry affiliations build up their own promoting rules or codes that part organizations are relied upon to comply with.

Self-Regulation by Media

The media are another important self-regulatory mechanism in the advertising industry. Most media maintain some form or advertising review process and, except for Political ads, may reject any they regard as objectionable.

These should also be self-regulations in the policies and bye-laws of the companies itself so as to avoid these unethical practices which are even followed by the top 1000 companies listed in Forbes magazine.

16.8 Laws Pertaining To Consumer Protection

There are a number of Laws and Regulations that prohibit false and misleading advertisements. These have been enacted to protect consumers from various forms of exploitation. Some of them are listed below:

2. Drugs and Magic Remedies (Objectionable Advertisements) Act– The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954, fundamentally forbids four sorts of commercials relating to drugs and magical cures. Section 3 of the Act says that no individual or organisation will take any part in the distribution of any ad advancing a medication or prompting the utilization of medication for:

   (a) The acquirement of the unnatural birth cycle in ladies or prevention of origination in ladies.

   (b) The support or improvement of the limit of individuals for sexual delight.

(c) Correction of the menstrual issue in ladies.

3. The Cable Television Network Regulation Act and Rules: The Act mandates that all advertisements transmitted through the cable television network adhere to the Advertising Code formulated under it. Section 6, Chapter II of the Cable Television Networks (Regulation) Act, 1995 says that "No person shall transmit or re-transmit through a cable service, any advertisement, unless such advertisement is in conformity with the prescribed advertising code.

4. Food Safety and Standards Act, 2006: This is relatively new law has a provision to deal with false and misleading advertisements pertaining to food. Here, the word advertisement includes advertisement and publicity through all media, including electronic media. Even promotional material on labels, wrappers and invoice are brought under the definition of the act.

5. The Infant Milk Substitute, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 and the Infant Milk Substitute, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Amendment Act, 2002: This law denies commercials and advancement of baby milk substitutes, nourishing jugs, and newborn child food sources on the grounds that their advancement makes a misguided judgment and accordingly deceives customers into accepting that newborn child nourishments or milk substitutes sold in the market are as acceptable or superior to mother's milk.

6. Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003: The law clearly prohibits advertisements & promotion of cigarettes and other tobacco products. It says under Section 5: Prohibition of advertisement of cigarettes and other tobacco products that:

No individual occupied with or indicated to be occupied with the generation, supply or dissemination of cigarettes or some other tobacco items will publicize and no individual having authority over a medium will cause to be promoted cigarettes or some other tobacco items through that medium and no individual will participate in any commercial which legitimately or in a roundabout way proposes or advances the utilization or utilization of cigarettes or some other tobacco item.

In addition to the laws mentioned, there are various regulators in the other fields where the same is not covered by a statute. Like for advertisements related to banking, there is a sanction by RBI, for companies by SEBI etc. And even if the consumer is not listened to or is not satisfied then he/she may directly appeal to a court or consumer councils set up by the state. The consumer can directly appear to Central Consumer Protection Council, State protection consumer or district consumer protection council after determining the gravity of matter if there is a violation of his right as aforesaid in the third chapter by ASCI.

16.9 Summary

Advertising ethics are those principles, morals and values which have to be followed by the advertisers and the companies advertising the product so that a consumer is not misrepresented and his rights are not violated. Advertising ethics

and consumer protection are relative terms as both terms are related to each, if there is a violation of any advertising ethics then consumer rights come into the picture so as to protect the rights of a consumer, but there should also be stringent implementation of these laws so as to protect the rights of consumers which are often violated by some unethical practises viz. Puffery(metaphor of idea), Deceptiveness or falsity of a product, Nudity or offensive, children and adolescent as target groups, women as a sex symbol and much more unethical practises which is practised day today so as to violate consumer's right.

Thus, in order to curb these unethical practises there need to be stringent laws with their effective implementation so as to censor all the deceptive or false advertisements, as per COPRA Act 1986 there need to be consumer councils for the rapid or the speedy disposal of a case.

Advertising Companies and Advertisers should also try to implement some types of self-regulation in their organisation on ethical grounds so that consumers also have trust on their product and this may also not lead to the violation of consumer's right. All the advertising companies should follow the strict advertising self-regulation which are followed by the top 1000 companies listed on Forbes.

Thus, in order to curb all these evil and unethical practises, all the laws relating to consumer protection must be stringent or the government must try to persuade all the advertising companies to follow some norms or guidelines laid down by them or anybody so that rights of an innocent consumer is not abridged.

16.10 Test Your Progress

1. What is Advertising Ethics?

2. Write the Meaning of advertising Ethics?

3. What is meaning of Ethics?

4. Explain the Meaning of Consumer Protection

5. Describe the various Unethical Practises?

6. Explain the Guidelines Laid By IAE & ASCI

7. What are Self Regulation and Consumer Protection Laws?

8. Explain the Laws Pertaining To Consumer Protection

16. 11 Suggested Readings

1. Dr. S.P.Gupta, & Dr. Gaurav Sankalp , Management, Marketing Sahitya Bhawan Publication Agrs

2. Mamoria Joshi Mulla Marketing Management Kitab Mahal Delhi

3. Phillip Kotler Marketing Management Mc Millan Publication new Delhi

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