ADVERTISING AND SALES PROMOTION

UNIT – I

INTRODUCTION

Adverting is only one element of the promotion mix, but it often considered prominent in the overall marketing mix design. Its high visibility and pervasiveness made it as an important social and encomia topic in Indian society.

Promotion may be defined as "the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the scale of a good or service." Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and co-ordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy. The promotion mix consists of four basic elements. They are:-

1. Advertising
2. Personal Selling
3. Sales Promotion, and
4. Publicity

1. Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organization.
2. Personal selling is the dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organization. The source of information is the sponsoring organization.

3. Sales promotion is the dissemination of information through a wide variety of activities other than personal selling, advertising and publicity which stimulate consumer purchasing and dealer effectiveness.

4. Publicity is the disseminating of information by personal or non-personal means and is not directly paid by the organization and the organization is not the source.

ORIGIN AND DEVELOPMENT OF ADVERTISING

It has been wrongly assumed that the advertising function is of recent origin. Evidences suggest that the Romans practiced advertising; but the earliest indication of its use in this country dates back to the Middle Ages, when the use of the surname indicated a man's occupation. The next stage in the evolution of advertising was the use of signs as a visual expression of the tradesman's function and a means of locating the source of goods. This method is still in common use.

The seller in primitive times relied upon his loud voice to attract attention and inform consumers of the availability of his services. If there were many competitors, he relied upon his own personal magnetism to attract attention to his merchandise. Often it became necessary for him to resort to persuasion to pinpoint the advantages of his products. Thus, the seller was doing the complete promotion job himself.

Development of retail stores, made the traders to be more concerned about attracting business. Informing customers of the availability of supplies was highly important. Some types of outside promotion were necessary. Signs on stores and in prominent places around the city and notices in printed matters were sometimes used.

When customers were finally attracted to the store and satisfied with the service at least once, they were still subjected to competitive influences; therefore, the merchant's signs and advertisements reminded customers of the continuing availability of his services. Sometimes traders would talk to present and former customers in the streets, or join social organizations in order to have continuing contacts with present and potential customers.

As the markets grew larger and the number of customers increased, the importance of attracting them also grew. Increasing reliance was placed on advertising methods of informing about the availability of the products. These advertising methods were more economical in reaching large numbers of consumers. While these advertising methods were useful for informing and reminding and reminding, they could not do the whole promotional job. They were used only to reach each consumer personally. The merchant still used personal persuasion once the customers were attracted to his store.

The invention of hand press increased the potentialities of advertising. By Shakespeare's times, posters had made their appearance, and assumed the function of fostering demand for existing products. Another important event was the emergence of the pamphlet as an advertising medium. The early examples of these pamphlets disclose their sponsorship by companies want to generate goodwill for their activities. The low cost of posters and handbills encouraged a number of publishers to experiment with other methods.

DEFINITION OF ADVERTISISNG

The word advertising originates from a Latin word advertise, which means to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly".

Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea.

The American Marketing Association, Chicago, has defined advertising as "any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor."

What Advertisement Is?

Advertisement is a mass communicating of information intended to persuade buyers to by products with a view to maximizing a company's profits. The elements of advertising are:

(i)   It is a mass communication reaching a large group of consumers.

(ii)   It makes mass production possible.

(iii)   It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.

(iv)   It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.

(v)   Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.

(vi)   The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.

(vii)   Advertising is identified communication. The advertiser signs his name to his advertisement for the purpose of publicizing his identity.

What is Included in Advertising?

(i)   The information in an advertisement should benefit the buyers. It should give them a more satisfactory expenditure of their rupees.

(ii)   It should suggest better solutions to their problems.

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(iii) The content of the advertisement is within the control of the advertiser, not the medium.

(iv) Advertising without persuasion is ineffective. The advertisement that fails to influence anyone, either immediately or in the future, is a waste of money.

(v) The function of advertising is to increase the profitable sales volume. That is, advertising expenses should not increase disproportionately.

Advertising includes the following forms of messages: The messages carried in-

- ❖ Newspapers and magazines;
- ❖ On radio and television broadcasts;
- ❖ Circular of all kinds, (whether distributed by mail, by person, thorough tradesmen, or by inserts in packages);
- ❖ Dealer help materials,
- ❖ Window display and counter – display materials and efforts;
- ❖ Store signs, motion pictures used for advertising,
- ❖ Novelties bearing advertising messages and Signature of the advertiser,
- ❖ Label stags and other literature accompanying the merchandise.

What is excluded from Advertising?

Advertising is not an exact science. An advertiser's circumstances are never identical with those of another; he cannot predict with accuracy what results his future advertising efforts will produce.

(i) Advertising is not a game, because if advertising is done properly, both the buyer and the seller benefit from it.

(ii) Advertising is not a toy. Advertiser cannot afford to play with advertising. Advertising funds come from sales revenue and must be used to increase sales revenue.

(iii) Advertisements are not designed to deceive. The desire and hope for repeat sales insures a high degree of honesty in advertising.

The activities excluded from advertising are:
- The offering of premiums to stimulate the sale of products;
- The use of exhibitions and demonstrations at fairs, show and conventions;
- The use of samples and activities, involving news releases and the activities of personal selling forces;
- The payment of advertising allowances which are not used for advertising;
- The entertainment of customers
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Advertising Objectives

Each advertisement is a specific communication that must be effective, not just for one customer, but for many target buyers. This means that specific objectives should be set for each particular advertisement campaign. Advertising is a form of promotion and like a promotion; the objectives of advertising should be specific. This requires that the target consumers should be specifically identified and that the effect which advertising is intended to have upon the consumer should be clearly indicated. The objectives of advertising were traditionally stated in terms of direct sales. Now, it is to view advertising as having communication objectives that seek to inform persuade and remind potential customers of the worth of the

product. Advertising seeks to condition the consumer so that he/she may have a favourable reaction to the promotional message. Advertising objectives serve as guidelines for the planning and implementation of the entire advertising programme.

The basic objectives of an advertising programme may be listed as below:

(i)   To stimulate sales amongst present, former and future consumers. It involves a decision regarding the media, e.g., TV rather than print ;

(ii) To communicate with consumers. This involves decision regarding copy ;

(iii) To retain the loyalty of present and former consumers. Advertising may be used to reassure buyers that they have made the best purchase, thus building loyalty to the brand name or the firm.

(iv) To increase support. Advertising impliedly bolsters the morale of the sales force and of distributors, wholesalers, and retailers, ; it thus contributes to enthusiasts and confidence attitude in the organizational. :

(v)   To project an image. Advertising is used to promote an overall image of respect and trust for an organization. This message is aimed not only at consumers, but also at the government, shareholders, and the general public.

Importance of Advertising

Generally, advertising is a relatively low-cost method of conveying selling messages to numerous prospective customers. It can secure leads for salesmen and middlemen by convincing readers to request more information and by identifying

outlets handling the product. It can force middlemen to stock the product by building consumer interest. It can help train dealers salesmen in product uses and applications. It can build dealer and consumer confidence in the company and its products by building familiarity. **Advertising is to stimulate market demand**.

While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom solely relied upon. Advertising is efficiently used with at least one other sales method, such as personal selling or point-of-purchase display, to directly move customers to buying action.

Advertising has become increasingly important to business enterprises – both large and small. Outlay on advertising certainly is the voucher. Non-business enterprises have also recognized the importance of advertising. The attempt by army recruitment is bases on a substantial advertising campaign, stressing the advantages of a military career. The health department popularizes family planning through advertising Labour organizations have also used advertising to make their viewpoints known to the public at large. Advertising assumes real economic importance too.

Advertising strategies that increase the number of units sold stimulate economies in the production process. The production cost per unit of output is lowered. It in turn leads to lower prices. Lower consumer prices then allow these products to become available to more people. Similarly, the price of newspapers, professional sports, radio and TV programmes, and the like might be prohibitive without advertising. In short, advertising pays for many of the enjoyable entertainment and educational aspects of contemporary life.

Advertising has become an important factor in the campaigns to achieve such societal-oriented objectives such as the discontinuance of smoking, family planning, physical fitness, and the elimination of drug abuse.

Though in India, advertising was accepted as a potent and recognized means of promotion only 25 years ago, its growing productive capacity and output necessitates the finding of consumers and advertising plays an important role in this process. Advertising helps to increase mass marketing while helping the consumer to choose from amongst the variety of products offered for his selection.

In India, advertising as a profession is in its infancy. Because of this fact, there is a tremendous scope for development so that it may be productively used for the benefit of producers, traders, consumers, and the country's economy.

CLASSIFICATION AND TYPES OF ADVERTISING

1. **Product – Related Advertising**
   A. **Pioneering Advertising**
   B. **Competitive Advertising**
   C. **Retentive Advertising**
2. **Public Service Advertising**
3. **Functional Classificaiton**
   A. **Advertising Based on Demand Influence Level.**
      A. **Primary Demand (Stimulation)**
      B. **Selective Demand (Stimulation)**

   B. **Institutional Advertising**
   C. **Product Advertising**

A. Informative Product Advertising

B. **Persuasive Product Advertising**

C. Reminder-Oriented Product Advertising

4. **Advertising based on Product Life Cycle**

   A. **Consumer Advertising**

   B. **Industrial Advertising**

5. **Trade Advertising**

   A. **Retail Advertising**

   B. **Wholesale Advertising**

6. **Advertising Based on Area of operation**

   A. **National advertising**

   B. **Local advertising**

   C. **Regional advertising**

7. **Advertising According to Medium Utilized**

1. Product – Related Advertising

It is concerned with conveying information about and selling a product or service. Product advertising is of three types, viz,

   A. Pioneering Advertising

   B. Competitive Advertising

   C. Retentive Advertising

i. Pioneering Advertising:

This type of advertising is used in the introductory stages in the life cycle of a product. It is concerned with developing a "primary" demand. It conveys information about, and selling a product category rather than a specific brand. For example, the initial advertisement for black – and – white television and colour television. Such advertisements appeal to the consumer's emotions and rational motives.

ii. Competitive Advertising:

It is useful when the product has reached the market-growth and especially the market-maturity stage. It stimulates "selective" demand. It seeks to sell a specific brand rather than a general product category. It is of two types:

A. Direct Type: It seeks to stimulate immediate buying action.

B. Indirect Type: It attempts to pinpoint the virtues of the product in the expectation that the consumer's action will be affected by it when he is ready to buy.

Example: Airline advertising.

Air India attempts to bid for the consumer's patronage either immediately - direct action-in which case, it provides prices, time tables and phone numbers on which the customer may call for reservations; or eventually – indirect action – when it suggests that you mention Air India's name when talking to your travel agent.

iii. Retentive Advertising:

This may be useful when the product has achieved a favourable status in the market – that is, maturity or declining stage. Generally in such times, the advertiser wants to keep his product's name before the public. A much softer selling approach is used, or only the name may be mentioned in "reminder" type advertising.

2. Public Service Advertising

This is directed at the social welfare of a community or a nation. The effectiveness of product service advertisements may be measured in terms of the goodwill they generate in favour of the sponsoring organization. Advertisements on not mixing drinking and driving are a good example of public service advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behaviour and benefit the public at large.

3. Functional Classification

Advertising may be classified according to the functions which it is intended to fulfill.

- (i) Advertising may be used to stimulate either the primary demand or the selective demand.
- (ii) It may promote either the brand or the firm selling that brand.
- (iii) It may try to cause indirect action or direct action.

i. Advertising Based on Demand Influence Level.

A. Primary Demand Stimulation

Primary demand is demand for the product or service rather than for a particular brand. It is intended to affect the demand for a type of product, and not the brand of that product. Some advertise to stimulate primary demand. When a product is new, primary demand stimulation is appropriate. At this time, the marketer must inform consumers of the existence of the new item and convince them of the benefits flowing from its use. When primary demand has been stimulated and competitors have entered the market, the advertising strategy may be to stimulate the selective demand.

B. Selective Demand Stimulation

This demand is for a particular brand such as Charminar cigarettes, Surf detergent powder, or Vimal fabrics. To establish a differential advantage and to acquire an acceptable sort of market, selective demand advertising is attempted. It is not to stimulate the demand for the product or service. The advertiser attempts to differentiate his brand and to increase the total amount of consumption of that product. Competitive advertising stimulates selective demand. It may be of either the direct or the indirect type.

ii. Institutional Advertising

Institutional Advertising may be formative, persuasive or reminder oriented in character. Institutional advertising is used extensively during periods of product shortages in order to keep the name of the company before the public. It aims at building for a firm a Positive public image in the eyes of shareholders, employees, suppliers, legislators, or the general public. This sells only the name and prestige of the company. This type of advertising is used frequently by large companies whose products are well known. HMT or DCM, for example, does considerable institutional advertising of its name, emphasizing the quality and research behind its products.

Institutional advertisements are at consumers or focus them upon other groups, such as voters, government officials, suppliers, financial institutions, etc. If it is effective, the target groups will respond with goodwill towards, and confidence in the sponsor. It is also a useful method or introducing sales persons and new product to consumers. It does not attempt to sell a particular product; it benefits the organization as a whole.

It notifies the consumers that the company is a responsible business entity and is patriotic; that its management takes ecologically responsible action, is an

affair- motive-action employer, supports the socialistic pattern of society or provides employment opportunities in the community.

When Indian Oil advertisements describe the company's general activities, such as public service work, this may be referred to as institutional advertising because it is intended to build an overall favorable attitude towards the company and its family of products. HMT once told the story of the small-scale industries supplying it with component parts, thus indicating how it aided the development of ancillary industries.

iii. Product Advertising

Most advertising is product advertising, designed to promote the sale or reputation of a particular product or service that the organization sells. Indane's Cooking Gas is a case in point. The marketer may use such promotion to generate exposure attention, comprehension, attitude change or action for an offering. It deals with the non-personal selling of a particular good or service. It is of three types as follows:-

A. Informative Product Advertising

B. Persuasive Product Advertising

C. Reminder-Oriented Product Advertising

A. Informative Product Advertising:

This form of advertising tends to characterize the promotion of any new type of product to develop an initial demand. It is usually done in the introductory stages of the product life cycle. It was the original approach to advertising.

B. Persuasive Product Advertising:

Persuasive product advertising is to develop demand for a particular product or brand. It is a type of promotion used in the growth period and, to some extent, in the maturity period of the product life cycle.

C. Reminder-Oriented Product Advertising:

The goal of this type of advertising is to reinforce previous promotional activity by keeping the brand name in front of the public. It is used in the maturity period as well as throughout the declining phase of the product life cycle.

4. Advertising based on Product Life Cycle

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A. Consumer Advertising

B. Industrial Advertising

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A. Consumer Advertising

Most of the consumer goods producers engage in consumer product advertising. Marketers of pharmaceuticals, cosmetics, scooters, detergents and soaps, cigarettes and alcoholic beverages are examples. Baring a few, all these products are all package goods that the consumer will often buy during the year. There is a heavy competition among the advertisers to establish an advantage for their particular brand.

B. Industrial Advertising

Industrial executives have little confidence in advertising. They rely on this form of promotion merely out of fear that their competitors may benefit if they stop their advertising efforts. The task of the industrial advertiser is complicated by the multiple buying influence characteristics like, the derived demand, etc. The objectives vary according to the firm and the situation. They are:

- ❖ To inform,
- ❖ To bring in orders,
- ❖ To induce inquiries,
- ❖ To get the advertiser's name on the buyer's list of sources,
- ❖ To provide support for the salesman,
- ❖ To reduce selling costs,

- ❖ To help get items in the news column of a publication,
- ❖ To establish recognition for the firm or its product,
- ❖ To motivate distributors,
- ❖ To recognition for the firm or its products,
- ❖ To motivate distributors, to create or change a company's image,
- ❖ To create or change a buyer's attitude, and

The basic appeals tend to increase the rupee profits of the buyer or help in achieving his non-monetary objectives. Trade journals are the media most generally used followed by catalogues, direct mail communication, exhibits, and general management publications. Advertising agencies are much less useful in industrial advertising.

5. Trade Advertising

       A.   **Retail Advertising**

       B.   **Wholesale Advertising**

A. Retail Advertising

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

Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store. One aspect of retail advertising is co-operative advertising. It refers to advertising costs between retailers and manufacturers. From the retailer's point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available.

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B. Wholesale Advertising

Wholesalers are, generally, not advertising minded, either for themselves or for their suppliers. They would benefit from adopting some of the image-making techniques used by retailers – the need for developing an overall promotional strategy. They also need to make a greater use of supplier promotion materials and programmes in a way advantageous to them.

6. Advertising based on Area of Operation

It is classified as follow:

A. National Advertising

B. Regional Advertising

C. Local Advertising

A. National advertising

It is practiced by many firms in our country. It encourages the consumer to buy their product wherever they are sold. Most national advertisements concentrate on the overall image and desirability of the product. The famous national advertisers are:

Hindustan Levers

DCM

ITC

Jay Engineering

TISCO

B. Regional advertising

It is geographical alternative for organizations. For example, Amrit Vanaspati based in Rajpura claims to be the leading hydrogenated oil producer in the Punjab. But, until recently, it mainly confined itself to one of the vegetable oil brands distribution to Malihabad district (in U.P. near Lucknow).

C. Local advertising

It is generally done by retailers rather than manufacturers. These advertisements save the customer time and money by passing along specific information about products, prices, location, and so on. Retailer advertisements usually provide specific goods sales during weekends in various sectors.

7. Advertising According to Medium

The most common classification of advertising is by the medium used. For example: TV, radio, magazine, outdoor, business periodical, newspaper and direct mail advertising. This classification is so common in use that it is mentioned here only for the sake of completeness.

ADVERTISING PLANNING FRAMEWORK

Plans are nothing, planning is everything.

- Dwight D. Eisenhower

The advertising management is mainly concerned with planning and decision making. The advertising manager will be involved in the development, implementation, and overall management of an advertising plan. The development of an advertising plan essentially requires the generation and specification of alternatives. Decision making involves choosing from among the alternatives. The alternatives can be various levels of expenditure, different kinds of objectives or strategy possibilities, and kinds of options with copy creation and media choices. Thus, the essence of planning is to find out the feasible alternatives and reduce them to decisions. An advertising plan reflects the planning and decision – making process and the decisions that have been arrived at in a particular product and market situation.

Planning Framework

Advertising planning and decision making depends on internal and external factors. Internal factors are situation analysis, the marketing program, and the advertising plan. The three legs of advertising planning concern are the

➢ Objective setting and target market identification,

➢ Message strategy and tactics, and

➢ Media strategy and tactics.

The advertising plan should be developed in response to a situation analysis, based on research. Once developed, the advertising plan has to be implemented as an advertising campaign, in the context of social and legal constraints and with the involvement of various facilitating agencies. Let us discuss these factors one after another.

1. Situation Analysis

It involves an analysis of all important factors operating in a particular situation. This means that new research studies will be undertaken on company history and experience.

AT&T, for example, developed a new strategy for its long-distance telephone services – based on five year of research. The research encompassed market segmentation studies, concept testing, and a field experiment. The field experiment increased on testing a new advertising campaign called "Cost of Visit". An existing "Reach Out" campaign although successful, did not appear to get through to a large group of people who had reasons to call but were limiting their calls because of cost. Research based on annual surveys of 3,000 residential telephone users showed that most did not know the cost of a long-distance call or that it was possible to make less expensive calls in off-peak periods.

Five copy alternatives were subsequently developed and tested, from which "Cost of Visit" was chosen. This campaign was credited with persuading customers

to call during times that were both cheaper for them and more profitable for AT&T and, overall, was more effective that the "Reach Out" campaign. One estimate was that by switching 530 million in advertising from "Reach Out" to "Cost of Visit", an incremental gain in revenue of $22 million would result in the first year and would top $100 million over five years.

This example highlights that a complete situation analysis will cover all marketing components and involve finding answers to many questions about the nature and extent of demand, competition, environmental factors, product, costs, distribution, and the skills and financial resources of the from.

2. Consumer and Market Analysis.

Situation analysis begins by looking at the aggregate market for the product, service, or cause being advertised, the size of the market, its growth rate, seasonality, geographical distribution. Whereas Consumer and Market analysis is concerned with the following factors:

* Nature of demand

- How do buyers (consumer and industrial) currently go about buying existing products or services?

- Can the market be meaningfully segmented or broken into several homogeneous groups with in respect to "what they want" and "how they buy"?

* Extent of demand

- What is the size of the market (units and dollars) now, and what will the future hold?

- What are the current market shares, and what are the selective demand trends?

- Is it best to analyze the market on an aggregate or on a segmented basis?

* Name of competition

- What is the present and future structure of competition?

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- What are the current marketing programs of established competitors?

- Why are they successful of unsuccessful?

- Is there is opportunity for another competitor? Why?

- What are the anticipated retaliatory moves of competitors?

- Can they neutralize different marketing programs we might develop?

* Environmental climate

- What are the relevant social, political, economic, and technological trends?

- How do you evaluate these trends? Do they represent opportunities or problem?

* Stage of product life cycle

- In what stage of the life cycle is the product category?

- What market characteristics support your stage-of –life-cycle evaluation?

* Cost structure of the industry

- What is the amount and composition of the marginal or additional cost of supplying increased output?

Skills of the firm

- Do we have the skills and experience to perform the functions necessary to be in the business?

- How do our skills compare with those of competitors?

* Financial resources of the firm

- Do we have the funds to support an effective marketing program?

- Where are the funds coming from, and when will they be available?

3. Competitive Analysis:

Advertising planning and decision making are affected by competition and the competitive situation facing the advertiser. Competition is such a pervasive factor that it will occur as a consideration in all phases of the advertising planning and decision making process. It should include an analysis of what current share the

brand now has, what shares its competitors have, what share of a market is possible, from which competitors the increased share of a market is possible? The planner also has to be aware of the relative strengths and weaknesses of the different competing companies and their objectives in the product category. It is important to look at competition as a precursor to the planning process.

The Advertising Plan

As pointed out earlier, advertising plan and decision making focus on three crucial areas; objectives and target selection, message strategy and tactics, and media strategy and tactics. Let us elaborate on these points:

1. Objectives and Target Selection

Objectives in advertising can be understood in many ways. An important part of the objective is the development of a precise, disciplined description of the target audience. It is often tempting to direct advertising at a broad audience; but everyone is a potential customer. It is best to consider directing the advertising to more selected groups to develop stimulating copy. It is quite possible to develop several campaigns, each directed at different segments of the market, or to develop one campaign based on multiple objectives.

2. Message Strategy and Tactics

Messages strategy must decide what the advertising is meant to communicate – by way of benefits, feelings, brand personality, or action content. Once the content of the campaign has been decided, decisions must be made on the best-most effective-ways of communicating that content. The decisions, such as the choice of a spokesperson, the use of humor or fear or other tones, and the selection of particular copy, visuals, and layout, are what we call "message tactics"

3. Media Strategy and Tactics

Message strategy is concerned with decisions about how much is to be allocated to create and test advertising copy, media strategy concerns decisions on how many media rupees to spend on an advertising campaign. Media tactics comprise the decisions on which specific media (television, radio magazines, etc.) or media vehicles (Reader's Digest, etc.) to spend these dollars.

EXTERNAL FACTORS

The external factors in the planning framework are environmental, social and legal considerations. To a considerable extent, these exist as constraints on the development of an advertising plan and decision making. In developing specific advertisement, there are certain legal constraints that must be considered. Deceptive advertising is forbidden by law. What is deceptive is often difficult, because different people can have different perceptions of the same advertisements. Thus, an advertiser who attempts to provide specific, relevant information must be well aware of what constitutes deception in a legal and ethical sense and of other aspects of advertising regulation.

Even more difficult consideration for people involved in the advertising effort is broad social and economic issues as stated below.

➢ Does advertising raise prices or inhibit competition?
➢ Is the use of sex or fear appeals is appropriate? Women and minority groups are exploited in advertising by casting them in highly stereotyped roles.
➢ Is it more irritating than entertaining?
➢ Is an intrusion into an already excessively polluted environment?
➢ Advertising directed at children.

Advertiser and the Advertising Agency interface

From a situation analysis point of view, the advertiser needs to know what kinds of facilitating agencies exist and the nature of the services they provide. From a planning point of view much local advertising is done without the services of an advertising agency or a research supplier. On the other hand, a national advertiser may have under contract many different agencies and research suppliers, each serving one or more brands in a product line. Many advertising decisions involve choosing facilitating agency alternatives.

What advertising agency should be chosen?

What media should be used?

What copy test supplier will be best for our particular situation?

Concerning the question of agency selection, characteristics such as the quality of personnel, reputation, integrity, mutual understanding, interpersonal compatibility and synergism were very important.

Advertising Industry

The advertising industry consists of three principal groups:

(a)   Sponsors;

(b)   Media ; and

(c)   Advertising agencies or advertising departments.

Advertising agencies are of two basic types, viz., Independent; and House.

An independent agency is a business that is free to compete for and select its clients.

A house agency is owned by its major client. A house agency is not completely free to serve other clients. The advertising department an integral part of the organization it serves.

The advertising agency provides for the client a minimum of:

(i)   Media information, such as the availability of time and space ;

(ii)   Creative skills, such as "campaign planning" and "appeal planning" and

(iii)   Research capabilities, such as providing brand preference data.

What is an Advertising Agency?

An advertising agency is an independent organization set up to render specialized services in advertising in particular and in marketing in general. Advertising agencies started as space brokers for the handling of the advertisements placed in newspapers. Over the years, the function of the agencies has changed. Their main job today is not to aid media but to serve advertisers.

Working with Advertising Agency

Some organization does not employ advertising agencies because they may be eligible for the media discount. Others feel that they can accomplish the advertising objectives more effectively than the agencies themselves. These marketers often employ their own advertising specialists. Various organizations use captive agencies that work primarily or solely for the organization.

Those organizations which do employ agencies are well-advised to establish a strong working relationship with them. It is especially important that the marketer fully inform the agency personnel of his marketing strategy and advertising objectives.

Advantage of Using Agencies

1. The marketer gains a number of benefits by employing agencies. An agency generally has an invaluable experience in dealing with various advertising and marketing issues.

2. The lessons which agency learned in working with other clients are useful inputs for the marketer.

3. An agency may employ specialists in the various areas of preparation and implementation of advertising plans and strategies.

4. The personnel are not members of the marketer's management team. They bring objective and unbiased viewpoints to the solution of advertising and other marketing problems.

5. The discounts that the media offer to agencies are also available to advertisers. This is a strong stimulus to them to use an agency, for the media cost is not much affected thereby.

6. The company normally does not have as many types of specialists as a large or medium-sized advertising agency has because an agency can spread the costs or its staff over many clients. It can do more for the same amount of money.

7. The company can also get an objective, outside viewpoint from an agency, assuming that the agency representatives are not acting as "Yes man" in order to keep the advertiser's account.

8. A related point is that the company can benefit from the agency's experience with many other products and clients.

9. Another advantage is that agency feels a greater pressure than the company's own department to produce effective results. The relations between an agency and a client are very easy to terminate; but it is difficult to get rid of an ineffective advertising department.

10. The manner in which agencies are compensated, the use of an agency may not cost the advertiser a single paisa.

Making the Final Decision

When you judge the final agency work, keep the following points in mind :

If, despite your instructions, an expensive and glossy presentation has been produced, it is clear that the agency is desperate for business and is prepared to curt down on the service to existing clients in the hope of netting a new account. Would you wish to join the ranks of those clients ?

A good example of glossy presentations going adrift was reported in Advertising Age, October 9, 1967. Trans World Airlines **(TWA)** decided to remain with Foote, Cone & Belding after hearing presentations from 17 other invited agencies. The magazine states : "An executive from one of the losing shops said he was prepared fir the gamble, but not for the reaction of one of his clients. The Client, believing reports that the **TWA** presentations set back the contending agencies by as much as one million dollars, asked his shop to invest a proportionate amount of money in a new campaign for his top product.

"He said, in effect, that we are spending this money to make a presentation for another account, and now we should spend some of his money to improve his advertising," the advertising executive said.

Lastly, ask yourself, and if necessary, ask the agency, too :

Is the team the produced the advertising really made up of the people who are going to handle your account afterwards? Or was it produced by the agency's star performers who spend most of their time on new business presentations and the rest of it on a few favoured accounts?

Selecting an Agency

While selecting an advertising agency, the importance of compatibility should be borne in mind. An agency takes a long time to grasp the problems and accumulate the facts that are necessary for the smooth functioning of a client.

Though this investment period is long, it pays rich dividends. Therefore, an agency should not be frequently changed.

Here are some points that can help the advertiser to:

(i)   Choose an agency ; and

(ii)   Get the best out of an agency.

(i)   Choosing an Agency

The agency should be able to think independently on various problems, and not solve them by pre-conceived notions which it is unwilling to change.

The agency should have experience in selling goods and ideas. It should be able to bring in more results than anticipated.

The company should be financially sound and should be able to cover both local and national advertising campaigns.

The size of the agency should not be seriously taken into account. A big agency is not necessarily a better than a small agency.

The agency should not be one that hesitates to correct the advertiser if it feels that he is wrong.

The agency should be able to use both research and brains to solve problems.

An agency that plans to make a profit on an account should be chosen, rather than one that maintains that it will work on a no-profit-no-loss basis.

Getting the Best Out of an Agency

➢ The agency should be given all possible information if good service is expected from it.

➢ The advertiser should go as far as possible to keep the agency on its toes.

- The agency should be challenged to produce results.
- Criticism, when it is handed out, should not be only unfavourable. It should also be favourable.
- Unnecessary details should not be fussed over.
- The advertiser should appoint a special person for liaison work between his company and the agency, and not expect the agency to contact the junior staff.
- The advertiser should allow the agency, where necessary, to break away from convention in its presentations.
- The agency should be paid extra, if it does any extra work.
- The advertiser should examine the work his agency does for other parties to get new ideas.

It is about time that the top management looked upon advertising as a basic capital investment –a long-term investment –which does not necessarily always bring in immediate returns. The management should realize that advertising has two functions to perform. It has to sell products today and sell the name of the company, so that tomorrow's products, too, will sell.

Setting Advertising Objectives

For one who has no objective, nothing is relevant.

- Confucius

Without objectives, it is nearly impossible to guide and control decision making. Good performance occurred in the absence of objectives can rarely be sustained. The challenge today is to bring effective management to the advertising process in such a way as to provide simulation as well as direction to the creative effort. The solution is the meaningful objective.

Advertising objectives, like organizational objectives, should be operational. They should be effective communication tools, providing a line between strategic and tactical decisions. A convenient and enticing advertising objective is immediate sales or market share.

However, an increase in immediate sales is not operational in many cases for two reasons:

(1) Advertising is one of many factors influencing sales, and it is difficult to isolate its contribution to sales. The other forces include price, distribution, packaging, product features, competitive actions, and changing buyer needs and tastes.

(2) The second reason involves the long-term effect of advertising on sales. If advertising generates a substantial lagged effect on sales, then the impact of an advertising campaign may not be known until an unacceptable length of time has passed. For example, an important contribution of a 6-month campaign might be its impact 12 months hence. If immediate sales of not the basis of operational objectives, how does to proceed? The answer to the following questions will yield useful and effective objectives.

1. Who is the target segment?
2. What is the ultimate behavior that advertising is attempting to precipitate, reinforce, change, or influence?

3. What is the process that will lead to the desired behavior and what role can advertising play in the process?

4. Is it necessary to create awareness, communicate information about the brand, create an image or attitude, or associate feelings or a type of user personality with a brand?

- Identify the target audience. The specification of the target audience should be a part of the marketing objectives.

- The analysis of the ultimate desired behavior such as trial purchases of new customers, maintenance of loyalty of excising customers, creation of a more positive use experience, reduction of time between purchases, or the decision to visit a retailer use experience, reduction of time between purchases, or the decision to visit a retailer.

- An analysis of the communication and decision process the will affect the desired behavior. It might be that the key variable in inducing a new customer to try your brand is to inculcate high levels of brand awareness. The best way to maintain loyalty is to strengthen an attitude. Which intervening variables provide the best link to the desired behavior and which can be influenced economically by advertising are to be determined.

An analysis of market dynamics can lead to behavioral measures that by themselves can provide the basis for operational objectives. If the advertising's target is new customers, the goal may be to get new customers to try a brand for the first time. The results would be measured by the number of new customers attached.

The use of behavioral measure as objectives is often appropriate in retailing (store traffic measures), direct marketing, and sales promotion and in lead generation for salespeople. It is useful to analyze the communication and decision process relevant to the desired behavior and to identify intervening variables on

which to base objectives. Some situations could dictate the joint use of intervening and behavioral objectives.

ADVERTISING BUDGET

The size of the advertising budget can have an impact upon the composition of the advertising mix. In general, a limited promotion budget may impel the

management to use types of promotion that would not be employed otherwise, even though they are less effective than the others.

Industrial firms generally invest a larger proportion of their budgets in personal selling than in advertising, while the reverse is true of most producers of consumer goods. Organizations with small budgets may be forced to use types of advertising that are less effective than others.

Some marketers find it necessary to restrict their efforts primarily to personal selling and publicity. There are organizations with small promotion budget which take the opposite course of action. They concentrate on advertising and sales promotion, and neglect other methods. Some marketers advertise in expensive ways (through classified advertisement in newspapers and magazines) and spend virtually nothing on personal selling.

There is universal difficulty of relating advertising expenditures to sales and profit results. Determining the results of advertising and consequently the amount of money to be allocated in advertising budget are complicated by several major difficulties as follows:

(i)   The effects of external variables such as population, or income, changes on economics conditions and competitive behaviour ;

(ii)   Variations in the quality of advertising ;

(iii)   Uncertainly as to the time-lag effect of advertising ; and

(iv)   The effect of the firm's other marketing activities, such as product improvement and stepped-up personal selling.

The above complexities make the companies resort to more than one method of determining the size of their advertising budget.

Advertising Budget involves the allocation of a portion of the total marketing resources to the advertising function in a firm. The size of the budget

allocation should be based on the potential contribution that advertising can make. Advertising budgeting should be based on a careful analysis of the opportunity for using advertising.

Marginal analysis approach

The marginal analysis approach to the allocation of resources provides a useful framework. How much should a firm spend on advertising? A firm may choose to spend promotion funds up to the point where marginal cost equals marginal revenue. Such analysis may be used for advertising budget decision.

The allocation procedure is to increase advertising expenditure until each rupee of advertising expense is matched by an additional rupee of profit. This marginal analysis results in the maximization of the productivity. The difficulty arises in the identification of this optimal point. The following table illustrates this point.

Marginal Analysis for Advertising Budgeting

(Rs. in thousands)

Alternative Advertising Expenditure	Marginal Advertising Costs	Net Revenue	Marginal Revenue	Total Profit	Marginal Profit
30	-	20	-	-10	-1
35	5	24	+ 4	-11	-1
40	5	30	+6	-10	+1
45	5	40	+10	-5	+5
50	5	55	+15	+5	+10
55	5	77	+22	+22	+17
60	5	88	+11	+28	+6
65	5	95	+7	+30	+2

70	5	98	+3	28	-2
75	5	99	+1	24	-4
80	5	99	0	+19	-5
85	5	97	-2	+12	-7
90	5	95	-2	+5	-7
95	5	90	-5	-5	-10
100	5	83	-7	-12	-7

This analysis assumed that the management desires to maximize the profit contribution from advertising. It is not feasible to spend on advertising in increments of less than Rs.5,000. The net revenue refers to sales minus all the non-advertising costs which are based on a pre-determined non-advertising marketing mix. At lower levels of advertising (less than Rs. 5,000), the company cannot generate sufficient sales to cover all the costs. So, Rs. 5,000 represents the absolute minimum advertising budget for the company to make any profit at all.

According to the Marginal analysis the management must select performance objectives for advertising expenditures. Marginal analysis relies on sales and profitability, which are important to assess the potential contribution of advertising expenditures. For advertising decisions for a new product introduction, the management may determine a minimum budget level and then asses the different levels above this.

Implementing the marginal analysis is a difficult task. Advertising is not the only factor affecting product performance. It is also difficult to predict the time pattern of the contribution, for it cannot be assumed that advertising will have an immediate impact. All these factors make it difficult for us to assess precisely the net sales marginal revenues, or other performance contribution estimates.

To cope with the realities of advertising budgeting, a variety of procedures have been adopted, which vary considerably when compared with the marginal analysis framework.

Advertising Budget Allocation by "Rule of Thumb"

Under this approach, the decisions on the amount to be spent are made by advertising managers in co-operation with advertising agency. Many companies resort to more than one method of determining the size of their advertising budgets. Some methods which are in common use are as follows:-

1. Profit Maximization:

The best method for determining advertising expenditure is to identify a relationship between the amount spent on advertising and profits, and to spend that amount of money which maximizes the net profits. Since the effects of advertising may be reflected in future sales too, the advertiser maximizes the present value of all future profits at an appropriate rate. Therefore, a very few advertisers are able to implement the profit-maximizing approach to determine their advertising expenditure.

2. Advertising as a Percentage of Sales:

Advertising Allocation = % × Rs. Sales

A pre-determined percentage of the firm's past sales revenue (or projected sales revenue) is allocated to advertising. But the question is - What is the relationship between advertising expenditure and sales revenue? Though it looks

simple, it is not an effective way of achieving the objectives. Arbitrary percentage allocation fails to provide for the flexibility.

This method ignores the real nature of the advertising job. It is not necessarily geared to the needs of the total marketing programme. But this method is widely used. Its wide use reflects the prevailing uncertainty about the measurement of advertising effectiveness. It is an easy way of minimizing the difficulties of annual budgeting negotiations. It is also safe method as long as competitors use a similar method. The fixed sum per unit approach differs from the percentage of sales approach in only one respect that it applies a pre-determined allocation to each sales or production unit.

3. The Objective and Task Approach:

The most desirable method is the objective and task approach. It is goal-oriented. The firm agrees on a set of marketing objectives after intensive market research. The costs of advertising are then calculated. When the resulting amount is within the firm's financial means, it is the advertising budget. It involves the following two steps:

(a)   First, the organization must define the goals the promotional mix is to accomplish. For example, a 5 per cent increase in market share, or a 10 per cent rise in gross sales, or a 3 per cent addition to net profit, or more likely, a combination of several items.

(b) Second, it must determine the amount and the type of promotional activity required to accomplish the objectives set. The sum of these becomes the firm's promotion budget.

A crucial assumption underlies the objective and task approach is that the productivity of each advertising rupee is measurable. The task approach starts by asking what the objectives of the advertising campaign are. The "advertisability" of the product is more sharply defined. This approach requires that assumptions about media, copy, and all the other parts of a campaign be co-ordinated to achieve a specific set of objectives. The task approach has special merit in the introduction of a new product.

The main problem with this approach is that it is not easy to determine the cost of fulfilling an objective or to decide whether an objective is worth fulfilling. The task method forces advertising managers to engage in advance planning.

4. Competitive Parity Approach

This approach ties its budget to the rupees or percentage of sales expended by its competitions. This approach tries to match the competitor's outlays and meet competition either on absolute or relative basis. It involves an estimate of industry advertising for the period and the allocation of an amount that equal to its market share in the industry. Meeting competition's budget does not necessarily relate to the objective of promotion and is inappropriate for most marketing programmes.

It is a defensive approach. It assumes that the promotion needs of the organization are the same as those of its rival and makes it easy for analyzing the realities of its own competitive situation and to ignore the possibility of other strategies. But the needs will never be the same. It also assumes that budgets arrived at by competitors are correct, but they may have arrived at in a haphazard manner. Besides, their marketing strategies may also be different from our organization. Therefore, this method may be recommended only as a supplement to others.

However, the imitate-competitors strategy is most applicable in industries where competition is in order to prosper and even to survive. In a way, is better than

the per cent of sales method as it recognizes that the competition as a key element in marketing and promotes stable relationships.

Competitive parity budgets can be determined in several ways; but all are based on spending approximately the same amount or percentage of sales as one's competitors. Some of the ways include:

(a) Spend the same rupee amount on advertising as a major competitor does.

(b) Spend the same percentage of sales on advertising as a major competitor does.

(c) Spend the same percentage of sales on advertising as the average for the entire industry.

(d) Use one of these "rules of thumb" in a particular market.

All these have one common characteristic, that is, the actions of competitors determine the company's advertising budget. But under this situation, a company faces several risks. Sufficient information may not be readily available to estimate the competitor's advertising budget. Such information is derived from secondary sources for some products than others. When only partial information can be obtained, such as expenditure on media, competitive parity may be misleading. It implies that all firms in an industry have the same opportunities but not so in practice. For example, a company introduces a new product to compete with a competitor's already established brand, the opportunity for advertising for these two brands would be entirely different.

5. All the Organization can afford approach

It involves the income statement and the balance sheet. It asks how much is available to the firm. This question is partially answered by anticipated sales and margins. The decisions based wholly on them ignore the requirements of the

advertising. The basic weakness is that it does not solve the problem of "how much should we spend" by asking: "What can we profitably spend?" In some instance, companies adopt pricing policies or others strategies intended to yield more advertising rupees. Some may spend whatever rupees are available for promotion, the only limit being the firm's need for liquidity.

This approach does ensure that advertising expenditures are assessed in the light of the profit objectives. It does put advertising in perspective with other corporate functions as contributors to the achievements of objectives.

6. By Using Judgment

This method relays upon the judgment of experienced managers. Over the years, some of these individuals develop a feel for the market that permits them to arrive at appropriate decisions, given the organization's objectives and limitations. It is a vital input for the determination of the budget. When the management uses other methods, it should temper them with the judgmental evaluations made by experienced managers. Judgment is subject to error and bias. Other methods should supplement this technique.

To conclude, promotion may be viewed as a long-run process. Joel Dean has indicate that advertising should be seen as a business investment, in the same sense as opening a new plant or spending additional funds on improved package design.

Media Brief

Each medium has its merits and its handicaps. The suitability and profitability of any one type varies from manufacturer to manufacturer and may vary for a single manufacturer too. Changes are the only rule. The buyers constitute

his market; they are to receive his advertising coverage consists of the advertiser's reaching the maximum number of these buyers include both his current and prospective customers. The advertiser has to determine how many there are and where they are. Then the selection process involves how to send an effective advertising message economically to the group of buyers, the length of the campaign period and the cost which he can afford-at a figure which will make the advertising effort profitable.

Difficulties in Selection of Media Types

Audience Measurement:

The media sell circulation or the opportunity to develop circulation. There is a gross aspect to circulation (how many products were bought last month) and a net aspect (how many of those purchasers are prospects for the product saw the advertisement in the broadcast media). Measurement of the same is not so easy as advertisers would think.

Difficulty of Cost Comparisons:

There is a cost per thousand concept in every medium type such as cost per thousand homes or thousand viewers, cost per thousand passersby, cost per page per thousand copies sold. How does the reaction of a thousand housewives, who read a food advertisement about Magi noodles, compare with that of a different thousand housewives who watch the same on TV?

Reliance on a Particular type of Medium:

How much of his promotion effort should a manufacturer place in magazines and how much on TV, how mach in outdoor or point of purchase? Which should be dominant and which are supplementary? These factors play a key

role in selection of a particular type of media. Media costs, the costs of space and time, are the largest single expense item in most advertising budgets. The selection of media types to be used in an undertaking, therefore, deserves and even demands, the very best thought and judgment of on the part of the top management. The points to be considered are:

(i) **Availability:** Regional markets may be so limited that national circulation of magazines should not be used. A product may have so slight a market that a medium such as the radio would not be indicated for use.

(ii) **Selectivity:** Some ideas demand visual presentation and others demand oral presentation. The radio cannot accommodate stories requiring a physical form, and outdoor advertising cannot accommodate long stories.

(iii) **Competition** is a matter which the advertiser cannot ignore. A company may select media types not used by its competitors, based on distinctiveness and domination.

Selection of Individual Media

Selection of individual media to carry advertising requires the consideration of the points like circulation; the quality and quantity of a medium's circulation, Prestige, Influence, Readership, etc.

The Advertising Schedule

What is the optimum schedule? There is no agreement; there is no formula: there is only judgment. It appears that more advertisers make the mistake of using too many than the mistake of using too few. The manufacturer's proposed

advertising plans are consolidated into a schedule which contains the following information:

- List of publications, broadcast stations, markets ;
- Dates of appearance of advertisements ;
- Size of advertisements (space or time) ;
- Costs of advertisements.

Duplication

An advertiser must have coverage or else his message will not reach as many buyers as he must reach. As an advertiser adds magazine after magazine to his list to increase his coverage; he finds duplication inevitable. One way of averting duplication is to use only one of the magazines; another is to run a different advertisement. The duplication limits an advertiser's coverage. The points in favour of duplication are repetition and frequency.

Frequency

The term frequency refers to the number of advertisements of the same size appearing in an individual medium for a given period such as per day, per week, per month, or per campaign. There is no formula to determine the ideal frequency. The two factors are the size of the advertising fund and the size of the advertisement to be run. If these are known, frequency can be derived. The two other factors are the number of media and the advertising period. As the number of media increases, there is pressure for a lower frequency, or to shorten the advertising period. The other possibilities are to enlarge the fund, or to reduce the size of the advertisement. Manufacturers cannot ignore the fact that what the competitors are doing in respect of frequency. The more often a message is repeated, the greater the proportion of it the consumer remembers.

Size of advertisement

The size of advertisement influences the frequency. The size of an advertisement can be derived if the advertiser:-

➢ Determines the size of the advertising fund,

➢ Decides the numbers of individual media to be used, and

➢ Decides the number of advertisements to appear during the advertising period.

The purpose of the advertisement may be the strongest influence in determining its size; a large space is used to announce, a small space is used to remain. The amount of copy, the number of products included in one advertisement and the illustration needs of the advertisement all help to determine size. Salesmen and dealers may also decide how large advertisements should be.

Colour

Colour is a factor which influences frequency. Colour influences the size of the advertisement and size in turn determines frequency. Colour commands a premium price.

Re-run on Advertisement

Repetition has a considerable effect on advertising costs, and its frequency. Re-run is considered unless it has performed well on its first appearance. It is most common in mail order business and advertising that uses small space. It is not common for large advertisements. Indirect action advertisements should be re-run. The reinforcement of consumer memory is another benefit of a re-run. There are savings on a re-run. New readers are added whenever and advertisement is re-run.

Timing

The crucial questions under timing is when should a campaign start, and when should it shop? For this purpose the seasonal angle and festival seasons should be considered. Advertising can be scheduled heavily just before and during

the heavy buying season. Off-season advertising is used profitably during the off-season to level out the. For example, tourists can be motivated through advertising to visit tourist areas during the off-season.

Positioning

It involves the development of a marketing strategy for a particular segment of the market. It is primarily applicable to products that are not leaders in the field. These products are more successful if they concentrate on specific market segments than if they attack dominant brands. It is best accomplished through an advertising strategy, or theme, which positions advertisements in specified market segments.

Questions:

1. Define Advertising.
2. Trace out the origin of Advertising.
3. Enumerate the classification of advertising.
4. Bring out the relationship between advertiser and advertising agency.
5. Discuss the process of setting advertising objectives
6. Explain the steps involved in advertising budget.

Books for further study:

1. Wells, Burnett & Moraiarty – Advertising Principles and Practices; Prentice Hall
2. Wright, Winter & Zeigler – Advertising ; Tata McGraw Hill
3. J. V. Vilanilam & A. K. Varghese – Advertising Basics – A Resource Guide for Beginners: Response Books, Sage Publications.

UNIT-II

COPY DECISIONS - Visualization of Ad Layout - Elements of Ad Copy and Creation -Principles of verbal versus visual thinkers, Styles and Stages in advertising copy creation -Copy (Pre-) Testing methods and measurements.

COPY DECISION

2.1 Advertisement Layout

2.1 Meaning

Layout is the logical arrangement of components of an advertisement in the copy. It refers to the overall structure, the position assigned to the various elements of the copy and illustrations. It is deciding on the placement of headlines, copy, illustrations, marketer's name, logo and the amount of free space in an advertisement copy. Thus, the physical arrangement of all the elements of advertisement is called layout. It is concerned with placing all the elements of the advertisement more attractively within the allotted space and time. The pattern of layout varies according to the medium to be used.

Definition

According to Sandage and Fryburger, "The plan of an advertisement, detailing the arrangement of various parts and relative spatial importance of each is referred to as layout".

2.1.2 Preparation of a layout

A layout is a plan for the guidance of the printer in arranging the units of an advertisement. Usually the layout man or visualiser prepares a rough Layout which is submitted to the client for approval and he draws the finished layout for the guidance of the printer. In the creation of television commercials the layout is known as a '**Storyboard'** which a series of pictures is of frames that coincides with the audio or sound script. A Radio does not utilize illustrations, except those that the medium can create with a description. Television, of course makes an extensive use of illustrations. A well conceived layout can be instrumental in obtaining attention comprehension, attitude change and behavior change. Advertisers employ various layout techniques to attain their objectives.

2.1.3 Functions of an Advertising Layout

An advertisement layout is a blueprint. The main functions of layout are:-

(i)   **Assembling Different Parts –** The main function of layout is to assemble and arrange the different parts or elements of an advertisement illustration, headline sub headlines,   slogans, body text and the identification mark etc. And boarder and other graphic materials – into a unified presentation of the sales message. In all the layouts present these elements in the same size, form, shape, position and proportion as desired by the advertiser in the final ad, proof , Thus layout gives both creative personals (copywriter and artists) and the advertiser who pays for it a good idea of how the finished ad will finally appear.

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(ii)   **Opportunity of Modification** - The layout offers an opportunity to the creative teams, agency management and the advertiser to suggest modification before its final approval and actual construction and production begins.

(iii)   **Specification for Costs –** The layout provides specification for estimating costs and it is a guide for engravers typographers and other craft workers to follow in producing the advertisement.

2.1.4 Principles of Design and Layout

It is not necessary that all elements of advertisement copy must form part of the copy. They appear in today's ads with varying degree of frequency.   The components of the copy must be decorated or positioned on the basis of certain basic principals regardless of the number of elements in an add. The following five principles of good composition are important to anyone who creates or evaluates the advertisement - (1) Balance ; (2) Proportion (3) Contrast and emphasis, (4) Eye –movement , and (5) Unity.

(1) Balance – A layout may be called balanced if equal weight or forces are equidistant from a reference point or a light weight is placed at a greater   distance from the reference point than a heavy weight. Balance is the law of nature. The reference point or fulcrum is the optical centre of the advertisement. The artists with a given area or space, are to place all the elements with in this space. Optical centre of fulcrum of the ad is often a point approximately two – thirds of the distance forms the bottom. It is the reference of the layout.

(2)   **Proportion-** Proportion is closely related to balance since it refers to the division of space among layout elements for a pleasing optical effect. Good proportion in an advertisement requires a desired emphasis on each element in terms of size and position.   If the major appeal in an advertisement is product's price. The price should be displayed in proportionate space position.

(3)   **Contrast and Emphasis –** Contrast means variety. It gives life to the whole composition and adds emphasis to selected important elements. An advertiser always looks to advertisements from completion point of view and desires the policy of the most important elements to attract the attention of the people. An advertisement with good contrast may attract the attention of customers Contrast maybe visible in a number of ways. It may be witnessed through sizes, shapes and colours.   Different colours sizes and shapes of elements in an advertisement add contrast. The varying directions, of design elements (Vertical trees, horizontal pavements arched rainbows) add contrast; too there must be sales communication purpose behind every layout decision made.

(4)   **Eye Movement –** Eye movement is the design principle which helps move the eyes of the readers from element to element in the order given in the hierarchy of effects model for effective communication of the message in advertising. An effective ad uses movement to lead its reading audience from initial message awareness through product knowledge and brand preference, to ultimate action (intent to purchase). Direction and sequence are two terms for the same element and artists may perform it in many ways. Mechanical eye direction may be created by devices such as pointing fingers lines arrows or even a bouncing ball that

moves from unit to unit. Planned eye movement should follow the established reading patterns too, such as the tendency to start to top left corner of a page and read through to the lower right corner. The eyes also moves naturally from large items to small from dark to light and from colours to not – colours.

(5)   **Unity or Harmony –** Unity or harmony is another important design principle. Although each element should be considered as a separate unit in striving for balance, proportion, contrast and eye movement. The complete layout or design should appear as a unified composition. Common methods of securing unity in layouts are (i) use of consistent typographical design. (ii) repetition of the same shapes and motifs, (iii) the overlapping of elements (iv) use of a boarder to hold elements together and (v) avoidance of too much which space between various element.

Although unity and contrast seem conflicting but they function quite smoothly together if they operate at cross purposes – if the artists strive for balance here too as well as in the layout overall. Unity contributes orderliness to elements – a state of coherence. And if they are properly placed. Contrasting Size shapes colours and directions can flow together beautifully.

2.1.5 Elements of a layout

An advertising copy is the means by which the advertiser's ideas are given expression to in a message to readers. Regardless of its length and brevity copy refers to all the reading matters of an advertisement, including the headline, sub- headlines, text or body, and the name of the firm or the standard initials of the

advertiser. As we have seen that advertising has so many immediate purposes but its ultimate goal is to stimulate sales. As a reader turns the pages of a magazine or newspaper, he notices so many advertisements but a great variation in copy. Some copy may be so sticking that the reader takes immediate action and rush to the nearest dealer to purchase it while there may be some other copy or copies that he does not like or it does not click to his mind. The first copy conforms to the requisites of a good copy. A copywriter must take pains in making up a sound advertisement copy containing its various components i.e. headlines, subhead lines, illustrations etc. The following are the main components of an advertisement copy

1. Background

2. Border

3. Caption

4. Coupon

5. Decoration

6. Heading

7. Illustration

8. Mascot

9. Name Plate

10. Price

11. Product

12. Slogan

13. Space

14. Sub-heading

15. Text

16. Trademark16. Trademark

1. Background

The background for the advertisements should be somewhat catchy and colourful. The arrangement of background differs from medium to medium and

advertisement to advertisement. In short, background should be suitable for the contents of the advertisement.

2. Border

It is defined as the frame of the advertisement. Border is employed to impart the reading atmosphere. The border may be light or heavy, obvious, plain or fanciful. The border may also contain a logo.

3. Caption

It refers to the subtitle. But in most of the advertisement it is converted into heading or sub-heading.

4. Coupon

Coupon is that part of the advertisement which is intended for the convenience of the prospective customer in communicating with the advertiser. The coupon must contain the name and full postal address of the firm followed by the offer. The offer should be brief and clear. There should be space for name and address of the prospective customer. The usual shape of the coupon is triangular or rectangular.

5. Decoration

Advertisement decoration is the ornament of the advertisement. This is done to emphasis the advertisement message.

6. Heading

The heading or headline is defined as the title of the advertisement. The words in the heading should be short.

7. Illustration

Illustrations are the part of layout that pictures the basic theme of the advertisement. It has the power to capture the attention of the reader. The advertisements become richer by the use of illustrations.

8. Mascot

It is known as the trade character or trade figure. It is an illustration of either a real or an imaginary figure or personality given in the advertisement.

9. Name Plate (logo)

The name plate or name block is the signature of the advertiser. It represents the personality of the company and its product.

10. Price

It is another part of layout. The price of the product should be featured clearly. The price is usually taken in the concluding lines of the copy.

11. Product

It refers to the representation of the product offered for sale. A very popular practice is to show the product in use with illustrations.

12. Slogan

Slogan is a sales argument. The arrangement of slogan in the layout is determined by the importance of its relation to the advertising message.

13. Space

Space refers to the entire space left in the space hired by the advertiser. This depends on the design of the copy.

14. Subheading

It is a secondary heading. It is given to support the heading or to pick out the various selling points given in the text.

15. Text

Text or body of the advertisement refers to the general reading matter. It is the subject matter of the copy. It should be neither too wide nor too narrow.

16. Trade mark

It is a word or design by which a product is defined. If the trade, marks are registered it can be included in the layout.

2.2 CREATIVITY IN ADVERTISING

The creative part of advertising involves the process of selecting and presenting the messages. The business of conceiving. Writing, designing and

producing these messages is called "advertising creativity" and the key wordsmith is called a copywriter or copy chief or copy supervisor. The success of advertising depends to a great extent on the quality of the message or copy of advertisement rather than the money spent on advertising.

The conventional theory of advertising includes the concept of AIDA (Attention, Interest, Desire and Action). Most of the advertisers believe that the message in advertisement copy must attract the attention and interest of the consumer if buying is to result. But they forget that only good advertisement copy or good message can attract the attention and interest of the receiver until and unless the much advertise product attributes have a strong impact on consumers. The consumers come to know the existence of the product only through the advertisement. Advertising tries to persuade the consumers that they need the product. But if the product attributes fail to satisfy the need of buyers, good creativity will not pay.

Creativity is an art. An artiste, writer, poet, novelists, play writer takes well known ideas, words and phrases and relates them in a fresh, often brilliant manner while preparing an advertising copy. They combine the product attributes and the ideas, words and phrases in such a manner that persuades the consumers to buy the product. This combination really represents and art or a creativity. A child can draw a smiling picture of a woman, but it does not carry a creative message of some worth.

The advertising copy writer writes with a purpose to achieve client's objectives to express features or attributes of particular products and services,

presented in terms of consumer benefits and in the language most appropriate to defined target audience. Thus advertising messages should present merchandise in ways that interest people in buying. Print ads and broadcast commercials portray products as problem solvers or methods whereby wants and needs may fulfilled. When creating, copy writer builds messages according to specific plans, to fulfill specific objectives, and he should follow a disciplined way in creating them. In the words of Alfred Polite –"Advertising creativity has to follow rules which are guided by a well defined purpose, by an analysis of thoughts supplied by imagination, by a selection of the useful ones which meet the purpose.

2.2.1 Activities Comprising Creative Design task Process

Although there is no one set form for designing the process. There are various variables that are typically parts of the creative design process. These activities are:

(1) **Advertising objectives-** The main objective of advertising is to aid the selling process through communication with existing and prospective customers. Most advertisements inform and persuade. Some are designed to establish attitudes and buying behaviours of the patterns. Still others strive to reinforce or to change existing shopping habits brand images and usage patterns. The advertisement copy must achieve the advertising communication objectives.   Now, it is the responsibility of the creative specialists to translate the information available to them into an advertisement or a basic theme for an advertising campaign that will achieve the advertiser's objective.

(2)   **Information to creative People_** The second task of the creative people, after getting the advertising objectives, is to product for collecting the various information relating to the product and the marketing mix. Creative design people prepare for the design task by examining the information on the product which is to be offered in the advertising.   This makes for the integration of advertising messages with the other components of the marketing mix. Such types of information may be gathered in meetings between the creative personnel and the marketing managers for the product..

(3)   Target Audience- The next step in the creative process is to make the copywriter available description of the demographic and psychographic make-up of the specific target audience for whom the ad is being created vis-à-vis the product. Quantitative data such as age, sex, marital status, occupation, income, education, place of residence, must be supplemented by information on consumer attitudes (related to advertised product, and its competitors as well as to the types of creative claims being considered for the message)on relevant media, shopping and buying habits and on product usages. Thus any information that describes target audience is useful.

(4)   Copy and Layout Design- The next task before the creative personnel is to turn to the creative task which is the design of the copy and layout. Creative personnel, including, artists, art directors, and copy writers, must design an approach to the communication of the messages that carry pre-determined advertising objectives. Part of the process involves writing copy, the verbal text of the advertisement. The copy then must be integrated with illustrations into an

overall design for the advertisement's layout. The design of the copy and the layout is an art that requires special skills..

(5) **Credibility or Back-up Claim_** whatever message is designed, it must be a cluster of truth. Truth is essential in advertising. The truth is not truth until people believe in it. They cannot believe in it if they do not know what we are saying if they do not listen to us; they cannot listen to us unless we are interesting and finally we cannot be interesting if we say facts in a fresh, original and imaginative way. In order to establish credibility for our promises, we need to support it with facts and with satisfactions. So, truth is essential in advertising and must be supported with facts.

(6) **Copy Layout Tests-** The role of creativity in advertising is very important and should not be underestimated. An important aid to the creative design task is the use of copy layout tests to assess and compare alternatives. After the copy layout is released, samples can be drawn from target audiences to test its effectiveness in specific conditions. Then respondents are asked to give their opinion on the various aspects of the ad including how well it can be seen or read or heard under specific conditions, how quickly and easily the message can be understood, how interesting an ad is liked, how believable it is or how it will influence audience behaviour.

(7) **Allocation to Creative Task-** The next important task to creativity is the allocation of funds towards this task. Since there is little in the way of modeling effort to help in this decision, the allocation task is usually done judgmentally.

(8) **Creative Strategy and Tactics-** Finally every copy strategy must describe the mood and tone of all the forthcoming ad or commercial; cheerful, dramatic, business like and whatever. All types of written materials, such as art work, layout and script must be used as components of printed or broadcast advertisements.

Thus, creativity in advertising is the most important part of the advertising programme. It is an art and should be provided sufficient funds in order to achieve the business and marketing objectives.

2.2.2 QUALITIES OF ADVERTISEMENT COPY-

The important of a good advertisement copy can hardly be overemphasized. All the planning, research and expense would go waste if proper care is not taken in drafting an advertisement copy that will achieve the purpose of advertising. The psychological aims of an advertisement are that the public must be made to (i) look, (ii) like, (iii) learn and (iv) buy. In other words a scientifically drafted copy should (a) attract primary initial attention, (b) hold attention in an interesting way, awaken and stimulate interest, (c) bring about an association of impression which will have permanence or memory value, (d) convince persuade, and induce to purchase the product, and (e) suggest and lead to specific response to encourage the decision to buy.

The person who drafts and prepares the copy, must be thoroughly acquainted with the mental process and be imaginative enough to think of words and patterns which may produce at desired effect on prospects i.e., it must creates an urge in the minds of prospects to go for the product advertised.

A good copy of advertisement should possess the following characteristics or qualities or values-

1. Attention value,
2. Suggestive value,
3. Memorising value,
4. Conviction value,
5. Sentimental appeal value,
6. Education value,
7. Instinctive value,

1. Attention Value- An advertisement copy must attract the attention of the potential consumers. If it fails in this mission, the whole money and efforts will go waste though it possesses all other values because everything else follows this. So, it must have display value. The copy should be planned, drafted and displayed so ingeniously that it may compel even the most casual or involuntary reader to notice it and read it with interest. It should be designed in such a fashion that the attention of a busiest person may be drawn immediately. Various devices can be used to make the copy attractive such as:-

(a) **Use of Pictures.** Picture has the immense display and attention value.

(b) **Use of Display Type or Heading.** Use of appropriate to headings enhances the value of an advertisement copy to a great extent. To invite attention,

the heading should be brief and meaningful, made up of three or four words and should be printed in emphatic bold display types.

(c) **Boarder etc. –** Attractive boarder can be used to compel the attention of the readers. The boarder must have a distinctive look so as to separate it from the rest of the setting.

(d) **Price Quotation –** Prices should not be quoted on the advertisement copy except when they are very low as in clearance sale or special offers. But if an appeal is being made to high class customers who care more for quality than for price, a price quotation should be avoided and emphasis should be laid on quality.

(e) **Reply Coupons –** Reply coupons inserted in an advertisement in an unusual setting are yet another way of attracting attention of the readers to the copy.

(2) **Suggestive Value -** The next task would be to offer a suggestion about the use and the utility of the product that may remain inscribed on the mind of the reader even when he forget where he really saw the advertisement. Slogans, Pictures, phrases and suggesting may be used for this purpose. They should be drafted and used as to drive home to the reader the utility of the product in everyday situation.

(3) **Memorising Value –** The copy of the advertisement should be so drafted and laid out that the product will stick to the mind of the individual reader. Repetition of advertisement with slogan is an effective method of creating a memorising value. Pictures and photographs confirming to the suggestion will have tremendous memorizing value.

(4)   **Conviction Value –** An advertisement copy can prove effective and achieve the desired end when the suggestion contained in it is backed by convincing arguments. The advertiser must be careful to include the statement in the advertisement copy which does not conform to the product.

(5)   **Sentimental Value –** Sentiments play a very important role in advertising, particularly in the case of food articles. Sentiments reflect the personal feelings and attitudes of an individual towards various things.   They indicate reactions of a person in favour or against a particular product. The advertiser or manufacturer should make a sincere attempt to make an appeal to the sentiments of as may prospects as possible.

(6)   **Educational Value –** A good copy of advertisement must possess educative value because the object of modern advertising is not merely to satisfy the existing demand but to create future demand. So a good copy of advertisement should educate the general public about the uses of the new product or the new uses of the same product.   It will certainly increase the demand of the product and demand creation is one of the most important objectives of the advertisement.

(7)   **Instinctive Appeal Value –** Human thoughts and actions are guided by instincts and inclination. All that one thinks or does has its roots in one instinct or the other. Instincts are the underlying forces which compel the men to act in certain ways. The most important function of an advertisement copy is to induce, persuade and motivate the prospects to think' well of a product and to take to its use. Advertising, essentially, is the motivation of the potential consumer and for

this purpose; the advertiser should attempt to make an appeal to some basic instincts to get success in motivating the prospects. Generally speaking, the following are the basic instincts which an advertiser should keep in his mind-

a) **Self Preservation Instinct –** Many of our thoughts and actions are inspired by our anxiety to preserves our person our health, our family and our belongings. The sale of products like medicines, clothes etc., may be promoted by appeal to this anxiety.

b) **Hoarding Instinct –** Banking institutions, insurance companies or other government and non- government saving organizations serve to hoarding instinct of the people. Slogans like 'Up and Up go your Savings' may be used for this purpose.

c) **Parental Instinct –** Parental instinct takes the form of love and affection for the children. Those advertisers who deal in children requirements like garments, toys baby food etc. May promote this instinct in parents i.e., motherly feelings of women or parental sentiments of men through their advertisement copy.

d) **Self Display Instinct –** Instinct of self display is promoted by the advertisers of readymade clothing, women's dresses. Jewellery etc. An advertisement copy drafted for these products must be directed towards the aesthetic sense of the people by showing happy and likeable people in dresses and jewellery that are being advertised.

e) **Something for Nothing Instinct –** Everybody has a vague desire to get something without paying anything for it. This desire is, more or less, present in everybody irrespective of the status or income. An advertisement copy that contains an offer of a prize of a gift is likely

to tempt quite a many of the customers. This instinct in widely used by lottery ticket sellers by offering one free ticket with the purchase of 10 tickets or by drycleaners by the offering 'three for two' bargain.

On the basis of the above basic instincts, the following themes or central ideas may be laid down for advertisement copies meant advertise different types of product-

(i) **Pride –** This theme can be used to popularize luxury articles among riches, the possession of which gives them a distinctive status and a feeling of pride.

(ii) **Beauty –** This theme is used in advertisements for cosmetics, perfumeries, toilet soaps etc., for men and women.

(iii) **Health -** In drugs and food products advertisement they use of this theme is used.

(iv) **Economy –** It is central theme in advertisement of clearance sales or bargain purchases.

(v) **Comfort –** The advertisements for fans electric appliance refrigerators etc. generally contain this feeling of comforts.

(vi) **Fear –** Themes stressing the fear of death accident personal loss through burglary frenetic. and other untoward happenings in life are generally used by insurance companies or banking companies. The traffic police is also using this theme in their notes of caution i.e., life is short Don't make is shorter'

(vii) **Parental Affection -** All advertisement copies of products meant for children such as toys body foods and dresses etc use this feeling.

(viii) **Patriotism –** This theme may be used in advertisement for those who use foreign products.

(ix) **Achievement –** This theme is used generally by large concerns engaged in the production of goods necessary for the development of country's economy.

(x) **Emulation and Imitation –** This theme is used where people buy more not to satisfy their genuine requirement, but as their neighbors happen to possess them.

Thus, a good advertisement copy must possess the above qualities to make it an ideal advertisement.

2.3 CLASSIFICATION OF COPY

It is true that copywriting is an art and the copywriter has a very important role to play in advertising creativity. Copywriting does not admit any stereotyped rules and classification. There are various styles in which a copy can be prepared and presented. The following types of copy may be studied-

1. **Descriptive Copy –** This type of copy describes the pertinent and relevant characteristics features of the product. It is very simple and of non-technical nature. It does not have any specialty which can attract the attention of the target consumers or may compel them to read it. It is very much similar to a press account or news item simply giving relevant information to the public without any stylish touch

2.   **Scientific Copy –** Such types of copies are technical in nature and generally used by drugs and pharmaceutical firms elaborating the propositions of properties and constituents of the product. It provides full information about the product and the producer. This type of copy is usually meant for professional or for those who are really interested in such types of information.

3.   **Institutional Copy –** Institutional advertisement copy aims at selling the name of the advertiser or the institution that is producing or selling the products or services.   The main objective of such type of advertisements is to create, maintain or increase the goodwill of the product or of brand or of the department or of the selling house as a whole, Institutional copy invites the target consumers to the selling outlet. Such a copy seeks to build goodwill through publicizing the policies, customer services, Conveniences and general features of superiority of the store over the rivals.

4.   **Topical Copy –** Herein and attempts is made to appeal to the general public by linking the theme of the copy with some current event but it should not look absurd. It commands a good deal of interest because of that sensational event which lives in the minds of the public.

5.   **Reason why Copy –** This type of advertisement copy offers the readers reasons why they should buy the advertised goods. It narrates the positive points of difference from other brands of the same product category in an endeavour to convince the reader from product's qualitative aspect. It directs its appeal to the intellect or judgment rather than to emotions or senses.   It substantiates the

superiority of the merchandise with the tests performance. Records testimonials, guarantees or construction data.

6.   **Human Interest Copy –** It makes its appeal to the emotions and the senses rather than to the intellect and judgment. Sympathy fear, bonus, curosity and other emotional appeals like appeals to the senses of sight hearing touch taste, and smell are used in such type of copy. Human interest copy presents the product in relation to people instead of confirming to facts about product. As emotions are many and always new it may be made more exciting an artful than reason why copy. It affords a refreshing change. Human interest copy can take various forms:-

    (a)   **Humorous Copy -** It exploits the sense of humor of the people. It turns the reader laughter. All examples and statements in such copy are fully to make the reader smile.

    (b)   **Fear Copy -** It appeals to the sense of fear and arouses the interest of people to save their lives, properties and other belongings. Such copy of advertisement should be drawn carefully so that it may not carry an unpleasant association of readers' minds with the advertiser's product of business Lifer Insurance Corporation General Insurance Companies and Bank generally use this type of copy.

    (c)   **Story Copy -** In such a copy a story is narrated me a very interesting manner to create manner to create an impression in the minds of the people about the product. Its ability to create interest depends upon dramatic impact it produces. Experience of customers can also be narrated in the story.

(d)   **Predicament Copy –** It is often used to advantage when it shows an article of merchandise in a case that provides a dramatic explanation of its advantages. Predicament copy usually overlaps the other three kinds of human interest copies

7.   **Colloquial copy or Conversational Copy –** The colloquial copy presents the message in the way of conversation. It uses an informal language and conversation takes place in terms of 'I' and 'You' with personal reference to reader and the advertiser. In such copy the style is one of a personal talk or one of an eyewitness account.

8.   **Personality Copy -** This copy attempts to encase the opinion of personality – real or imaginary – about the product. Usually the personality is real. The photograph of the personality (a person specialized to concerned field) is given with the text of the copy with a view to convince the readers through the moral influence of his name. Invariably, such copy shows a certificate or a testimonial of such influential person.

9.   **Prestige Copy -** This pattern is usually for in institutional advertising which aims at creating an atmosphere about the product or the firm and may not directly advise the product for sale. Such a copy is occasionally used and is very much similar to the personality copy in impression which also strives to enhance the prestige of the advertising firm indirectly by visualizing the name of the eminent personality.

10.   **Educational Copy –** The copy is designed to educate the general public about the attributes of the product. Usually introductory appeal is made in this style when the product is introduced in the market for the first time; it is the duty of every producer or advertiser to tell everything relevant about the product to the public in such a manner that it may get a warm welcome among customers. Such an advertisement copy depicts the specialties to the product category. The advertiser may insist only one or two attributes of the product which is more sensational such as introduction of a low priced item without the loss of quality or a product developed from a new technology indigenous or   imported etc.

11.   **Suggestive Copy -** A suggestive copy tries to suggest or convey the message to the readers directly or indirectly to pursue them to purchase the product. It is useful where the reader is confused about the quality of a product brand and is not in a position to take a decision about the purchase of the product.

12.   **Expository Copy –** Just opposite of suggestive copy it expository copy. It does not conceal anything about the product but exposes. The message is quite clear and it needs no inference, no taxing on mind, no thinking, Even a cursory glance rakes it quite easy to remembers or to pick – up.

13. Questioning copy – Questioning copy as the term suggests. in Corporate a series of questions expected to be answered by them readers. The advertiser puts no narration, statement or reason of its own in order to pursue the readers to buy the product. The question arouses the curiosity in the minds of the readers and makes them think of it.

Thus there are various types of copies of advertisement on the basis of their style of presentation.

2.4 Measuring Advertising Effectiveness

All advertising efforts are directed mainly towards the achievement of business, marketing and advertising objectives i.e., to increase the sales turnover and thus to market the maximum profit. The advertiser spends lakhs of rupees in to this advertising activity. In the background of all these efforts, is an attempt to attract the customer towards the product through advertising.

As soon as the advertising campaign is over, a need is generally arisen to measure the effectiveness of the campaign. Whether, it has achieved the desired results i.e. desired sales profitability or results in terms the change in customer' behaviour in favour of the company's product which will naturally, affect the future sale of the product.

In order to measure the effectiveness of advertising copy, two types of tests-pretests and post tests- can be undertaken. Pretests are generally conducted in the beginning of the creation process or at the end of creation process or production stage. There are several pre and post tests techniques to measure the effectiveness of the advertising copy.

The effectiveness of advertising in a particular media may also be measured in any of the following ways – (a) by giving different addresses to different media, (b) different newspapers may be selected for advertisements of different departments, (c) coupon blank etc. May be provided with the advertisement or (d)

enquiry from consumers should mention the name of the source of information. The technique is known as keying the advertising.

Thus in measuring the effectiveness of advertising we include measuring of the effectiveness of advertising campaign, advertising copy and the effectiveness of individual media. This chapter deals these three problems.

2.4.1 Importance of measuring the Effectiveness of Advertising

(1) It acts as a Safety measure

Testing effectiveness of advertising helps in finding out ineffective advertisement and advertising campaigns. It facilitates timely adjustments in advertising to make advertising consumer oriented and result oriented. Thus waste of money in faulty advertising can be avoided.

(2) Provides feed back for remedial measures

Testing effectiveness of advertising provides useful information to the advertisers to take remedial steps against ineffective advertisements.

(3) Avoids possible failure

Advertisers are not sure of results of advertising from a particular advertising campaign. Evaluating advertising effectives helps in estimating the results in order to avoid complete loss.

(4) To justify the Investment in Advertising

The expenditure on advertisement is considered to be an investment. The investment in advertising is a marketing investment and its objectives should be spelt out clearly indicating the results expected from the campaign. The rate and size of return should be determined in advance. If the expected rate of return is achieved in terms of additional profits, the advertisement can be considered as effective one.

(5) To know the communication Effect

The effectiveness of the advertisement can be measured in terms of their communication effects on the target consumers or audience. The main purpose of advertising is communicated the general public, and existing and prospective consumers, various information about the product and the company. It is therefore desirable to seek post measurements of advertising in order to determine whether advertisement have been seen or heard or in other words whether they have communicated the theme, message or appeal of the advertising.

(6) Compare two markets

Under this procedure, advertising is published in test markets and results are contrasted with other. Markets – so called control markets – which have had the regular advertising programme. The measurements made to determine results may be measurements of change in sales, change in consumer attitudes, changes in dealer display. and so on depending upon the objectives sought by the advertiser.

2.4.2 METHODS OF MEASURING ADVERTISING EFFECTIVENESS

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Advertising is aimed at improving the sales volume of a concern so its effectiveness can be evaluated by its impact on sales. Most of the managers believe that the advertisement directly affects the sales volume and hence they evaluate the effectiveness of the advertising campaign by the increase in the sales volume.

There may be two types measures (i) Direct measures: and (ii) Indirect measures:-

(1)   Direct Measures of Advertising Effectiveness

Under direct measures, a relationship between advertising and sales is established. A comparison of sales of two periods or two periods or two markets may be done and the corresponding changes may be noted. The following are some of the methods that are generally used in measuring that advertising effects.

(a)   Historical Sales Method

Some insights into the effectiveness of past advertising may be obtained by measuring the relationship between the advertising expenditure and the total sales of the product. A multiple regression analysis of advertising expenditure and sales over several time periods may be calculated. It would show how the changes in advertising expenditure have corresponding changes in sales volume. This technique estimates the contribution that advertising has made to explaining in a co relational manner rather than a casual sales, the variation in sales over the time periods covered in the study

(b)   Experimental Control

The other measure of advertising effectiveness is the method of experimental control where a casual relationship between advertising and sales is established. This method is quite expensive when related to other advertising effectiveness measures yet it is possible to isolate advertising contribution to sales. Moreover this can be done as a pre-test to aid advertising in choosing between alternative creative designs. Media schedules expenditure levels or some combination of these advertising decision areas.

One experimental approach to measuring the sales effectiveness of advertising is test marketing.

(i)   Before-after with Control Group Design

This classic design uses several test and control cities (Fig. 14.1) in this design two types of cities are selected. Cities in which advertising campaigns are affected may be named as test cities and other cities may be called central cities.

First of all, the normal sales level is calculated for both type of cities prior to advertising campaign, and then the advertising campaign is presented to the test cities and not the central cities. The effect of advertising campaign, can then, be measured by subtracting the amount of post campaign figure of sale from the pre campaign sale figures in test cities.

A Before-after with Control Group Design for Measuring the Effectiveness of Advertising Campaigns

	Test cities	Control cities

Pre-campaign measure of sales	Yes	Yes
Advertising campaign	Yes	No
Post-Campaign measure of Sales	Yes	Yes

The difference of post and pre campaign sales in cities is the result of advertising and all other factors that affect the sales.

(ii)   Multivariable Experimental Designs

While the experimental design discussed above yields a reasonably accurate estimate of the effects of the advertising on sales, it is not successful in explaining the success or failure of the campaign itself. Multivariable designs Produce these explanations and are, therefore used by some very large firm because of their diagnostic value.

The power of this multivariable factorial design is explained by G.H.Brown, former Fords Director of Marketing Research. For any single medium, eight possible geographic areas have been exposed and eight have not been exposed. Thus, in this experimental model it is possible to evaluate how each individual medium behaves alone and in all possible to evaluate how each individual medium behaves alone and in all possible combinations with other media.

(2) Indirect Measures

As it is very difficult to measure the direct effect of advertising on company's profits or sales, most firms rely heavily on indirect measures. These measures do not evaluate the effects of advertisements directing on sales or profits but all other factors such as customer awareness or attitude or customer recall of advertising message affect the sales or profits or goals of the business indirectly.

Despite the uncertainties about the relationship between the intermediate effects of advertising and the ultimate results, there is no other alternative but to use indirect measures. The most commonly used measures are –

(1) Exposure to Advertisement

In order to be effective, the advertisement must gain exposure. The management is concerned about the number of target audiences who see or hear the organisation message set in the advertisement. Without exposure, advertisement is bound to failure.

Marketers or advertisers may obtain an idea of exposure generated by the medium by examining its circulation or audience data which reveal the number of copies of the magazine, newspaper or journal sold the number of persons passing the billboards or riding in transit facilities, or the number of persons living in the televiewing or radio listening area, and the number of persons switching on their T.V. and radio sets at various points of time. This number can be estimated by interviewing the numbers of the audience for different media.

(2) Attention or Recall of Advertising Message Content

This is one of the widely used measures of advertising results. Under this measure, a recall of the message content among a specified group or groups or prospective customers is measured within 24 hours of the exposure of the advertisement.

Attention value is the chief quality of the advertising copy the advertisements cannot be said to be effective unless they attract the attention of the target consumers. There are two methods for evaluating the attention getting value of the advertisements. One is pre-test and the other is post-test.

In a pre-test evaluation, the consumers are asked to indicate the extent to which they recognise or recall the advertisement, they have already seen. This test is conducted in the laboratory setting. Here consumers read, hear or listen to the advertisement and then researchers ask question regarding the advertisement just to test the recall and then evaluate it.

In post-test method, the consumers are asked questions about the indication of recognition or recall after the advertisement has been run.

These measures assume that customers can recall or recognise what they have viewed or listened to.

Various mechanical devices are being used in the western countries which provide indices of attention such as eye-camera etc.

(3) Brand Awareness

The marketers who rely heavily on advertising often appraise its effectiveness by measuring the customer's awareness about the particular product or brand. The assumption of this type of measure is that there is a direct relationship between the advertisements and the awareness. This type of measure is also subject to the same criticisms as is applicable to direct measures of effectiveness (sales measures because awareness is also not the direct result of the advertisements. It is also affected by many other factors. But, for new products, changes in awareness can often be attributed to the influence of advertising.

(4) Comprehension

Consumers generally use advertisements as a means of obtaining information about the product, brand or the manufacturer. They cannot be informed unless they comprehend the message (grasp the message mentally and understand it fully). Various tests for valuating comprehension are available –

One is recall tests – an indicator of comprehension because it is evident that consumers recall what they comprehend. Another measure of the variable is to ask questions about subjects how much they have comprehended a message they have recently heard or seen. One may employ somewhat imprecise test of the

comprehension of a newspaper and radio advertisement. One may ask typical target consumers from time to time such questions like 'what did you think of our new commercial?' and 'Did it get the message across'? The answers of these questions will provide sufficient insight into advertising decision making.

(5) Attitude Change

Since advertising is considered to be one way of influencing the state of the mind of the audience towards a product, service or organisation, the results are very often measured in terms of attitudes among groups exposed to advertising communication. Several measures are used ranging from asking the questions about willingness to buy the likelihood of buying to the measurement of the extent to which specific attributes (such as modern or new) are associated with a product.

(6) Action

One objective of advertisement may be assumed to be to stimulate action or behaviour. The action or intention to take an action may be measured on the intention to buy measuring instrument. Under this type of measure, consumers are asked to respond why they are interested in purchasing the product or brand.

One type of action that advertisers attempt to induce is buying behaviour. The assumption is that if an increase in sales follows a decrease in advertising expenditure, the change in sales levels are good indicators of the effectiveness of advertising. Logic suggests that measurement of sales is preferable to other measurements.

Thus, these above measures (direct or indirect) are used to evaluate the effectiveness of advertisements. It seems from the analysis of the above methods of measuring effectiveness that directly or indirectly changes in sales or profits are taken as the measuring rod of the effectiveness of the advertising.

2.4.3 PRE-TEST AND POST-TEST OF ADVERTISING COPY

Almost every firm spends thousands of rupees on advertising every year; it is very much pertinent to know the effectiveness of the advertisement copy. The main purpose of every advertising is to arouse the interests of the people in the firm's product can everyone be perused by the same advertisement? Or will the same advertisement satisfy all types of people? The simple answer is in negative because people differ so greatly in their wants, in the economic and other motives which actuate them, and in the various ways by which their interest is aroused. It is why some advertisements are more effective than others. The amount is spent on advertising not only because the advertisement does not get to the right people but because it carries an appeal which does not interest those to whom it goes. An often quoted remark about advertisement is that half the money spent on advertising is wasted; but no one knows which half.

For this purpose, advertising copy research is done to see how will an advertisement succeeds in attracting the attention and stimulating the desire and action of the people for whom it is made and how will it delivers the intended

message about a product or an idea. Advertisement copy is done to be sure of its effectiveness.

2.4.4 Copy Testing

Copy testing is a tool involving a procedure where the effectiveness of an advertisement is measured before it appears in its final form, during and after its exposure to the audience to determine whether and to what extent, it has accomplished its assigned task. In this way, the copy testing is a method used to control the effectiveness of future advertising. It addresses the following questions –

(a)   Will a proposed copy theme be effective at achieving advertising objectives?

(b)   Does the set of advertisings that makes up an advertising campaign create the   Desired interest level and image? And

(c)   Will an individual advertisement attract the attention of the audience?

2.4.5 Types of Tests

The various methods of testing advertising copy are
1. Pre-test methods
2. Post-test methods
3. Concurrent methods

1. **Pre-Test Methods**

   Pre-test method refers to testing the potentiality of a message or copy before printing or broadcasting. It is useful because the concepts in advertising may appear to be simple and effective to the advertiser or advertising to be simple and effective to the advertiser or advertising agency. It may be difficult from the layman's point of view. All the elements in the advertising copy requires careful pre-testing to see that the matter it intends to be conveyed has been really conveyed, 'prevention is better than care'. Pre testing methods are adopted on this basis. The following are some of the pre-testing methods.

   a. Check list method

   b. Consumer Jury method

   c. Sales Area Test

   d. Questionnaire

   e. Recall test

   f. Reaction test

   g. Readability test

   h. Eye-movement test

a. Checklist Method

The copywriters use checklist method to test the effectiveness of advertising copy. The purpose of this method is to ensure that all elements of the advertising copy are included with due importance in the advertisement. As it is a pretest method omissions can be included in the copy before release of the advertisement.

A checklist is a list of good qualities to be possessed by an effective advertisement. The researcher has to compare the advertisement with the checklist and tick the items present in the advertisement copy. Accordingly a copywriter can draw specific conclusions and make suitable changes in the advertising copy.

b. Consumer Jury method

This method essentially involves the exposure of alternative advertisements to a sample of jury; of prospects and the securing of their opinion and reactions to the advertisements. This test is designed to learn from a typical group of prospective customers gathered in one place or a sample of prospects that are independently, visited by interviewers or contacted by mail their preference for one advertisement over the other or for several advertisements out of a group. Advertisements which are unpublished are mocked up on a separate sheet and these are presented before the consumer jury either in personal interviews or group interviews.

c. Sales Area Test

Under this method advertising campaign is run in the markets selected for testing purposes. The impact of the campaign is evaluated by actual sales in the selected markets. The market with high sales is considered the best market for effective sales campaign. In other markets suitable changes are made in the advertising campaign.

d. Questionnaire Method

It is a list of questions related to an experiment. It contains questions and provides space for answers. The draft of an advertisement along with some relevant

questions is to be sent to a group of target consumers or advertising experts. Their opinions are collected and analysed to find out whether the proposed advertisement is satisfactory or not.

e. Recall test Method

Under this method, advertising copies are shown to a group of prospects. After few minutes they are asked to recall and reproduce them. This method is used to find out how far the advertisements are impressive.

f. Reaction test

The potential effect of an advertisement is judged with the help of certain instruments, which measure heartbeats, blood pressure, pupil dilution etc. Their reactions reveal the psychological or nervous effects of advertising.

g. Readability test

All the listeners of advertisements cannot read it equally. So respondents are drawn from different socio economic and geographical backgrounds. This method is used to find out the level of effectiveness when and advertisement is read.

h. Eye movement test

The movements of eyes of the respondents are recorded by using eye observation camera when advertisements are shown to them in a screen. This helps to find out the attention value of advertisement.

2)   Post-Test Techniques

The following are the post-test techniques for measuring the effectiveness of the advertisements –

(1)   Recognition Test – It determines the readership of the advertisement in the newspapers and journals. This test is conducted by personal interviews with readers, and magazines or newspapers. The interviewers locate the readers of the particular issue of the magazine in question. They, then, go through the magazine page by page with the respondent indicating those advertising elements which he or she recognise as having read.

The data collected by this test indicate the proportion of qualified readership of a publication who claims to have 'seen', 'read some' or 'read most of the elements of the individual advertisement. These measurements may also seek to obtain quantitative data regarding the parts of an advertisement which were seen or heard.

(2)   **Recall or Impact Test –** The recognition test measurers the stopping power of the advertising but goes not tell us what the readers understood or retained of the advertisement. The recall test is designed to measure the impression of readers or viewers of the advertisement. If a reader has a favorable impression of the advertisement, he will certainly retain something of the advertisement. The measures of interest would be obtained by interviewing the readers or viewers or listeners, days after the advertisement or commercial is appeared in the newspaper, or on T.V. Interviewer asks the questions from the readers / viewers and in

response to the question asked, the reader reveals the accuracy and depth of his impression by his answers.

(3)   Psychological Analysis – The whole process of advertising is psychological in character. It is therefore, natural to apply some psychological tests to measure the effectiveness of the advertising.

Four psychological testing techniques are most commonly used –
(a)   Tests of readability and comprehension;
(b)   Tests of Believability
(c)   Attitude tests; and
(d)   Triple Associates Test.

(a)Tests of Readability and Comprehension

It this technique, by means of a series of penetrating questions and by other techniques developed by psychologists, the ease of readability and comprehension is determined, in advance of publication. It is determined by the interviewer under this method whether and to what extent the readers have gone through the advertisement.

(b)Tests of Believability

An advertisement message effective. ness can be measured by the degree of credibility the readers have in the product. A scale technique is generally employed to measure the credibility by putting several statements or product claims before. the consumers and are created by them. The

statement or product Claims gets the highest priority votes may be taken as the most effective statement or claim.

©Attitude Tests

A number of attitude tests are developed by the psychologists who can be applied to copy testing. Typical consumers are exposed to sample advertising messages, either printed or oral. The interviewer then asks series of penetrating questions, to determine the attitude produced by these various message. Psychological reactions such as age, involvement, the eye of person who would use the product and the personality of the product reflected by the advertisement being tested, are obtained. The researcher looks especially for elements in the advertising which arouse psychological hostility.

(a) **Triple Hostility Tests –** these ties in advertising with recall by seeking to learn the extent of the consumer association with the product, the brand name and copy theme. The test is useful only when the advertising features a specific theme or slogan, which the reader may remember. This procedure is sometimes known as theme penetration.

3) Concurrent Methods

Under this method, tests are conducted while the consumers are exposed to different types of media. For instance, a magazine reader may be observed while reading the magazine. Which carries an advertisement? The concurrent methods are

1. Consumer diaries
2. co-incidental surveys and
3. Electronic devices.

1. Consumer diaries

Under this method, diaries are supplied to a few selected customers. They are also informed to record the details of advertisements they listen or read. The diaries are collected periodically. The result obtained from such a survey reveals the effectiveness of advertisement.

2. Co-incidental surveys

This method is also called as co-incidental telephone method. Under this method, samples of customers are selected and calls are made at the time of broadcast of the advertisement programme. The data obtained and analysed will give a picture about the effectiveness of an advertisement.

3. Electronic devices

Now day's electronic devices are widely used to measure the effectiveness of an advertisement. They are mainly used in broadcast media. These are auto meters, track electronic units etc.

The following methods are also used to measure the impact of advertisement on the sales volume.

      I.   Historical method and

     II.   Experimental method

I Historical method

Under this method, recorded facts related to sales before and after advertisements are compared. If an advertisement is followed with more sales, advertisement is considered to be more effective.

II.Experimental method

Under this method, the entire sales territory is divided into three or four sub-areas. The advertiser spent different amount for advertising in different areas. Then collects facts regarding sales from these sub-areas The result is used to measure the effectiveness of advertisement in boosting sales. Following the result obtained, the advertiser prepares his advertising budget for future action.

An advertiser has to adopt some follow up measures to increase the effectiveness of advertisement. For this consumers may be contacted through direct mail after the advertisement is placed.

2.4.6 Keying the Advertising

It is a fashion to advertise. Every advertiser wants to assess the effectiveness of advertising. The problem of assessment becomes more complicated when advertiser advertises through various media. Selection of media is not an easy job. Which media responded to the satisfaction of the advertiser? Is not an easy question to be answered? In other words there arises the problem of choosing how to advertise? and through which media' Naturally one would select a media – mix that would serve one purpose the most. This can be easily done by keying the advertising. Keying means to adopt such methods at the time of adverting so that results may be very easily assured and to do so either of the following may be adopted.

1. Different address may be given to difference media, so that enquiries received may be scrutinized to find out which media, responds the best. The best media may be selected and continued for advertisements and the rest may be stopped to avoid unnecessary waste of time and money.

2. Different papers may be selected for the advertisement of different departments. so as to know which paper suits the requirements and of which department.

3. A coupon, blank order or space may be provided with the advertisement paper with a request that all requires should be media along with the coupon, or blank order or space duly filled in.

4. A request can be made to the enquirer or the prospective buyer, along with the advertisement that he should mention the name of the particular media which is the source of his information while making any enquiry. A scrutiny of all those inquiries may give an idea which paper or media is the best suited.

2.4.7 COMMUNICATION EFFECTS OF ADVERTISEMENT

The management should attempt to evaluate the effectiveness of the advertising campaign if the firm's advertising goals are to be achieved and the ad effectiveness is to be increased. By regular evaluation of the effectiveness, the short comings and the plus points would be revealed and the management would be able to improve the campaign by negating the shortcomings and retaining the

favorable point. For this purpose, it is very necessary to know how advertising affects the buyer's behaviours. But this is very difficult task because measurements are imperfect and imprecise.

The effectiveness of advertising can be measured by the extent, it to which it achieves the objectives set for it. If it succeeds in attaining the objectives. advertising can be said to be effective otherwise it will be a waste of money and time. In this sense, advertising can be recognized as a business activity like other activities.

In a very real sense the integrity of promotional activities rests on how well those activities work. An advertising budget that is spent on some poorly defined task or on undefined tasks may be regarded as an economic waste as compared to that spent to achieve the well defined objectives for which the results can be measured. Any social institution upon which a significant portion of our total productive efforts is expanded should be able to point to its specific accomplishment. Indeed, it is a source of discomfort that specific results of advertising activities have not always been subject to precise measurement. Both practitioners and critics feel that promotional activities should only be accepted as socio – economic – institution with full right and privileges "when the means exist to prove that advertising super are productive rupees' It is undoubtedly a source of embarrassment that we cannot exactly measure the effectiveness of advertising in definitive terms.

The exact result of advertisement expenditure is very difficult to predict because.-

(a)   The reaction of consumer – buyers to the advertising efforts cannot be known in advance.

(b)   The reaction of competitors in the field cannot be guessed in anticipation and

(c)   The unexpected events (such as change in social and economic environment and the government policies etc.) cannot be accurately anticipated. Such events may influence the results of the advertising efforts.

If we take a hypothetical case of a retailer who contract to spent Rs.5000 on advertisement with a local newspaper for a special sales even. The advertisement is seen and the response is much grater than it is anticipated. What caused the success of sale? They message theme colours etc., of the advertisement or the low prices quoted during the sale of the superior quality of the product or absence of competition in the market on the day or the favorable. weather conditions or the goodwill of the firm etc. The overwhelming success of the sale is the joint result of all the above variables and it is quite impossible to isolate the role of any one variable. It is so because the cause and effect – relationship cannot be established in advance when a multitude of variable impinge upon a particular event. It is entirely possible that a poor advertising support may push up the sale because everything else falls into its proper place or the reverse may be possible. But it does not mean that that we cannot measure the effects of particulars advertising effort.

The advertising executives are much concerned about the assessment of the effectiveness of the advertising efforts. For this purpose, the management needs answers to such questions as: was the advertising campaign really successful in attaining the advertising goals? Were our T.V. commercials as good as those of our competitors? will the print advertisement, which we have designed, make consumers a ware of our new product? To get answers of these questions, various tests of effectiveness (Pre- tests and post – tests) are deeded to determine whether proposed advertisement should be used, and if they are not satisfactory how they might be improved, and whether on going campaign should be stopped continued or changed. Pre- tests are conducted before exposing target consumers to the advertisements and post tests after consumers have been exposed to them.

As indicated earlier, the advertisers are interested in knowing what they are getting for their advertising rupees, So they test the proposed advertisement with pretest and measure the actual results with a post test. In the past, protesting was done by the advertising agencies but now the advertisers have been taking an increasingly active role in protesting process. Pretest may be done either before an advertisement has been designed or executed after it is ready for public distribution or at both points.

During protesting there is often research on three vital questions:-

(i)   Do consumers feel that the advertisement communicates something desirable about the product?

(ii)   Does the message have an exclusive appeal that differentiates the product from that of the competitors?

(iii)   Is the advertisement believable?

Although a lot of money is spent on protesting yet the advertisers like to confirm the results by post testing of their promotional campaigns due to the following reasons:-

(i)   There is a need produce more effective advertising by retaining the good and removing the bad.

(ii)   The advertising executives can prove to the satisfaction of the management that a higher advertising budget will benefit the firm.

(iii)   There is a need for measuring the results to determine the level of expenditure that is most promising.

Most research focuses on the communication effect rather than sales effect because it is a long run process. In the short run, however sales may be slight and important but in the long run its effects ob brands and companies may be of great importance. Indirectly it will affect the sales in the long run, by changing the consumer awareness and attitude. The advertisers are therefore, concerned with their impact on consumer awareness and attitude. The communication effect on sales may be presented in the following figure:-

Communication Effect on Sales

Awareness

↓

Attitude

↓

Trial
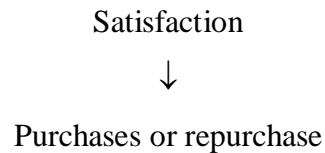
↓

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Satisfaction

↓

Purchases or repurchase

Fig .2.4.1

Awareness builds a favorable or at least a curious attitude towards the product which leads to experimentation. If consumer is satisfied with the trial he may decide to purchase the product.

There are many critical and unresolved issues in determining how to test the communication effects of advertising. Among these are:-

(1)   Exposure Conditions – Should advertising be tested under realistic conditions or under more controlled laboratory conditions?

(2)   Execution – Protesting a finished advertisement as an expensive and time consuming. Does protesting a preliminary execution produce accurate and useful data?

(3)   Quality Vs. Quantity Data- Quantitative data are the easiest and the almost precise measurement. But qualitative data collected through interviews may provide information that short answer questions never can.

Many types of advertising tests are conducted (different methods of pretests and post – test are given in question number) In T.V. commercials are tested by inviting a group of people to the studio to view a programme. The audience is then

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surveyed about the commercials. Print advertisements are tested through dummy magazine portfolio tests.

2.4.8 Compunction Effectiveness Vs Sales Effectiveness

It is easier to assess the communication effect of advertising than the sales effect. Many firms try to measure the effectiveness of advertising in terms of sales results but this practice is always misleading. Since, the effect is the result of so many variables, a distinct effect of advertising on sales cannot be correctly measured, Although there may be some exceptions. For example direct mail advertising can effectively be measured by the inquiries received. But in many situations the exact relationship between advertising activity and sales cannot be established satisfactorily.

We can correctly assume that some sales will occur even though there is no advertising or little advertising or conversely there will be no increase in sales after the point of saturation is reached or it may be that sales will show a decreasing trend at this point in spite of large amount of expenditure on advertising is done. It is so because advertising is no the only variable that effect the sales.

Thus, we may conduct that sales effect of advertising is difficult to measure because a number of variables affect the quantum of tales and the contribution of advertisement cannot be measured separately unless all other variables are presumed to be constant. This situation is quite hypothetical and almost non-existent. Added to this is the fact that advertisement itself is made of a variety of variables such as media, messages, colours, page or time of the day, locations, the size of the headline and the appeals used. Thus even if the advertising variable is

separated this would still not answer the question about the effectiveness of the individual components of the advertising campaign. So advertisers try to measure the communication effect of the advertising.

Conclusion

In order to measure the effectiveness of advertising, which approach (communication effectiveness or sales effectiveness), is more suitable? Two factors are to be considered in deciding the approach. They are

1. **Relevance of advertising objectives on the overall performance objectives:**

   Generally advertising managers would like to know the role of advertisements on the overall performance of the business firm i.e., return on investment and on profitability. A sale is a determining factor of company performance.

2. **Difficulty and cost of obtaining data needed to evaluate effectiveness:**

   Generally communication measures are easy to follow than sales effectiveness measures. If the measures of advertising are more relevant they will be difficult and costly. If it is less difficult and cheap the measures will not be more relevant. Therefore, the advertising manager has to make a balance between these two approaches.

Suitability

In small business firms where the marketing research resources are limited advertising managers may decide on less expensive and less relevant measures. The

big business house, which has more access to research, may decide on the more relevant and expensive measures.

Questions

1. Explain the methods of evaluating effectiveness of advertising?
2. Explain the various pre-testing methods?
3. Explain the various post testing methods?
4. What is creativity? Show the various activities that are typically parts of the creative design process.
5. What qualities should be possessed by a good advertisement copy?
6. How would you classify advertising copy? Discuss
7. What are the various components of advertisement copy?
8. Define the term Design and Layout in relation to an advertisement copy.
9. Is there any necessity to measure the effectiveness of our advertisements? Discuss
10. How can advertising manager evaluate the effectiveness of a firm's advertising?
11. How would you test the communication effects of an advertisement? Discuss

Assignment

1. Write down important points while preparing a advertisement copy for consumer durable product?
2. Prepare an advertisement copy for children product with important elements
3. Test the TV commercial advertisement with your friends and relatives and point out the effective advertisement and analyse it

4. Collect important Print advertisement in News paper , journal and books and analyse the presentation and elements in it.

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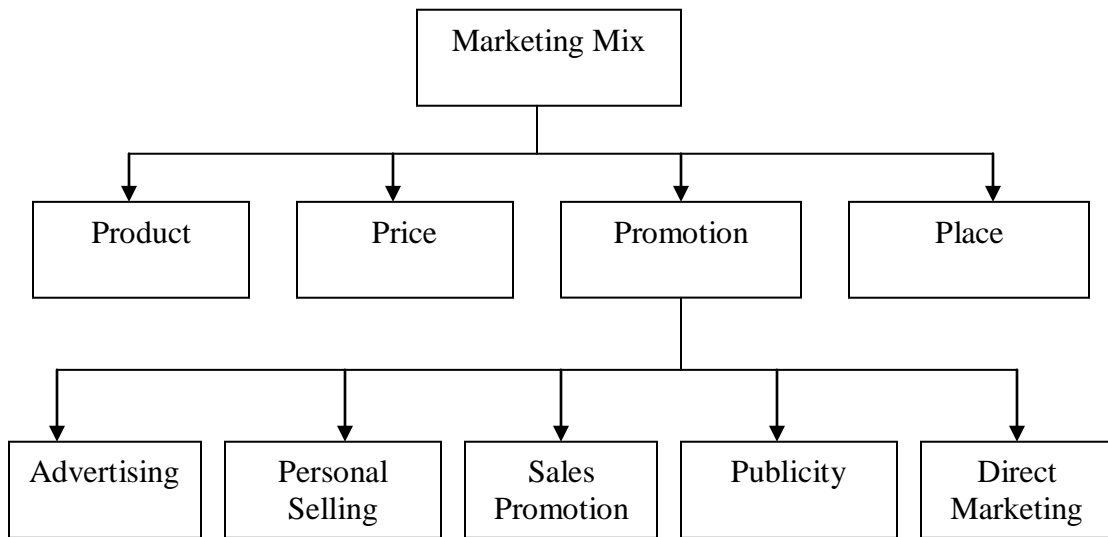**11.** Pran Nath Chowdhury: SUCCESSFUL SALES PROMOTION

Unit - III

ADVERTISEMENT - AN INTRODUCTION:

Advertising is a powerful communication force, highly visible, and one of the most important tools of marketing communications that helps to sell products, services, ideas and images, etc. Many believe that advertising reflects the needs of the times. One may like it or not but play advertisements are everywhere. Advertisements are seen in newspapers, magazines, on television and internet and are heard on radio. The average consumer is exposed to a very large number of advertisements everyday, particularly the urban and semi-urban population.

It seems almost impossible to remain totally neutral and not take any notice of modern day advertising. The most visible part of the advertising process is the advertisements that we see, read, or hear and praise or criticize. Many suitable adjectives are used to describe advertising, depending on how an individual is reaching, such as great, dynamic, alluring, fascinating, annoying, boring, intrusive, irritating, offensive, etc.

Advertising is an indicator of the growth, betterment and perfection of civilization. It is part of our social, cultural and business environment. It is not at all surprising that advertising is one of the most closely scrutinized of all business institutions. In today's environment, not only are advertisers closely examined by the target audience for whose that advertisements are meant, but by society in general.

MARKETING-MIX AND PROMOTION-MIX:

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                          ┌─────────────────┐
                          │  Marketing Mix  │
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         ┌─────────────┬───────────┼───────────────┬──────────────┐
         ▼             ▼           ▼               ▼
   ┌──────────┐  ┌──────────┐ ┌──────────┐   ┌──────────┐
   │ Product  │  │  Price   │ │Promotion │   │  Place   │
   └──────────┘  └──────────┘ └────┬─────┘   └──────────┘
                ┌──────────┬────────┼────────┬──────────┐
                ▼          ▼        ▼        ▼          ▼
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         │Advertising││ Personal ││  Sales   ││ Publicity││  Direct  │
         │          ││ Selling  ││Promotion ││          ││Marketing │
         └──────────┘└──────────┘└──────────┘└──────────┘└──────────┘
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ADVERTISEMENT – DEFINITION:

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"Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor." – American Marketing Association.

"Advertising is controlled, identifiable information and persuasion by means of mass communications media."

"Advertising is the non-personal communication of marketing-related information to a target audience, usually paid for by the advertiser, and delivered through mass media in order to reach the specific objectives of the sponsor." – John J Burnett.

"Advertising is a message paid for by an identified sponsor and delivered through mass medium of mass communication. Advertising is persuasive communication. It is not neutral; it is not unbiased; it says; 'I am going to sell you a product or an idea."

- J Thomas Russell and W. Ronald Lane

BRIEF HISTORY OF ADVERTISING:

Modern advertising is largely a product of the twentieth century, however, communication has been a part of the selling process ever since the exchange of goods between people started. The development of technology and research has led to increased sophistication in advertising in recent decades. During ancient and medieval times, advertising was crude if measured by present day standards, however, the basic reason for using advertising was the same then as it is now.

Institutions come into existence only when a need for them develops. A variety of external forces support and nourish the growth and development of an institution. To survive, the institution must be dynamic, flexible and adaptable to meet the needs in the changing conditions of the environment.

The recorded history of advertising goes back to about 5000 years including the modern satellite and internet age. Our knowledge of advertising in ancient times is quite fragmented. Nevertheless, it seems that the urge to advertise is a part of human nature since ancient   times. The diggings by archaeologists, in countries rimming the Mediterranean sea, has unearthed a Babylonian Clay tablet of about 3000BC, Bearing inscription for an ointment dealer, a scribe , and a shoemark, Romans and their predecessor knew that "it pays to advertise". Papyri found in the ruins of Thebes (Egypt) show announcements offering rewards for the return of runaway slaves about 3000 BC.

Before the invention of printing from movable type (about AD 1438) by Johann Gutenberg there were three forms of advertising.

1. Trademarks: Craftsman, in early times, wanted to be identifes for their skills and places their individual marks on goods that they crafted. This led to reputation building of particular artisans by word of mouth. Buyers learnt to look for distinctive marks just as we look today for brands names and trademarks on products.

2. Signs: Phoenicians, and other traders, painted commercial messages on prominent tocks along trade routes that they frequented. These

messages highly praised the products that were for sale. This is an example of ancient outdoor advertising, Archaeologists have revealed, from excavations at Pompeii, that little shops had inscriptions on walls near the entrance to inform the passers-by whether the shop sold pottery, wine, bread, or any other goods.

3. Town Criers: This system of town criers was perhaps, present in all developed civilizations of the ancient world. In Greece, during the golden age, town criers were paid to go around town spreading news and making announcements in the streets of Athens. Epics and history books about ancient India reveal that the rulers used the system of town criers in India to inform the public of various public interest matters. In rural India, town criers were used till as late as the 1950s.

The first known printed advertisements in the English language appeared nearly forty years after the invention of movable type. William Caxton of London printed the first advertisements. It was a handbill of rules for the guidance of clergy at Easter and was put on church doors. The printed newspaper emerged form the newsletters which were handwritten by professional writers for limited circulation among the nobles and others.

The first ad, in any language, to be printed on a circulated sheet appeared in German news pamphlets in about 1525. The ad praised the virtues of a mysterious drug. It was from such beginnings that the printed newspaper emerged and the first printed newspaper in Engli8sh came out in 1622,

called the Weekly News of London. The first advertisement appeared in an English newspaper in 1625.

The first ad in America appeared in 1704 in the Boston Newsletter. The first ad that appeared offered a reward for the capture of a thief. This was more like the reward for returned slaves written on Egyptian Papyrus thousands of years before present day advertising came into being.

By the middle of the 17th century, weekly newspapers called 'mercuries', started to appear in England. Most of the early advertisements in these newspapers were in the form of announcements. Importers of products new to England were prominent advertisers. The first ad offering coffee appeared in a newspaper in 1652, followed by an offering of chocolate in 1657 and tea in 1658.

DEVELOPMENT OF MODERN ADVERTISING:

It is a fact that advertising as we know it really had its beginnings in mid 19th century. Volney B Palmer was the first advertising agent who established an office in Philadelphia. For a fee, he worked as an agent for newspapers numbering about 1400. He sold space to advertisers throughout the country. He did not provide any creative or planning services to clients, except the media selection.

In the late 1880s, John E Powers emerged as great copywriter. He had a simple approach-he believed in "printing the news of store…no catchy headings…no brag , no pressure." J Walter Thompson, a young advertising executive, signed an

exclusive contract with twenty-five of the best American magazines and had an impressive list of advertisers. He is also known as the inventor of the modern advertising agency.

Albert Lasker and Claude C. Hopkins got together in the last decade of the 19th century. Claude C Hopkins developed the 'reason why' approach to advertising copy. Albert Lasker made the ad agency a professional business that included the "records of results." This was the counterpart of today's research department.

The dominant approach to copy writing was "reason why" during this time. However, a famous copywriter, Theodore F McManus of General Motors, challenged this style. He believed in producing impressionistic copy by incorporating original art, striking layouts and elegant writing, to create a positive image of the company and its products.

An agency, Lord and Thomas, had two remarkable copywriters, John E Kennedy (joined Lord and Thomas in 1898) and Claude C Hopkins, and enjoyed a reputation for creative work. Hopkins had joined Lord and Thomas in 1907 and was regarded by many as the greatest creator of advertising who ever practiced the art.

Hopkins was particularly good at understanding the consumer and how advertising should be integrated in the total marketing effort. John E Kennedy believed that advertising was "salesmanship in print." He tried to provide a reason why customers should buy the advertised products.

During the 1920s, modern marketing research entered the world of advertising. As a result of this new development, advertising in this period started stressing on the outcomes of consumer purchases such as health, happiness, status, love, etc. Advertisements contained a bold headline, artwork, photography and plenty of colour. Before the severe depression of the 1920s, radio was not being used for advertising. Strange though it seems, during this period of depression, commercial radio emerged, though it was not really a good period for advertising.

CONTEMPORARY ADVERTISING:

Most of the growth in advertising has happened after Second World War. Excessive mechanized production and serious efforts to rebuild nations and economies were under way. Western Europe and the Far East started to compete in world markets and advertising became an essential part of this new economy. Large corporations such as Coca-Cola, General Motors and IBM had long been active all over the world. After 1946, quite a number of medium and small companies entered the international market. Large advertising agencies of USA, Western Europe and the Far East started opening their offices in several countries.

Specialists in market research, sales promotion, merchandising and public relations started running the advertising industry during the 1950s. Creativity in advertising was almost non-existent till then and ads were mostly "me too" type of messages with a lot of worldly visualization and little copy. Rossers Reeves of Ted Bates Agency was probably the most successful among copywriters. He originated the concept of USP (Unique Selling Proposition). His argument was that the marketer should discover one important attribute of his product. This attribute should be

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communicated properly and effectively to the audience and should be repeated over and over. It was during the 1950s that television emerged as one of the most spectacular development in the history of advertising. Television showed a significant advantage over other media as it could combine both sight and sound.

It was mainly because of the efforts of Leo Burnett, David Ogilvy and William Bernbach that creativity and soft sell were reintroduced in advertising. Burnett's contribution in the late 1950s and 1960s brought drama and warmth to advertising with unforgettable characters such as the Marlboro Man. Ogilvy, with the Hathaway shirt man wearing an eye-patch, introduced a unique type of intelligence and class to advertising. Bernbach's contribution was combining copy, art and humour. "We try harder because we are No.2" is the ad which has been hailed as one of the most remarkable advertisements by Bernbach.

It seems relevant to especially look at the development of Indian advertising. Two British advertising agencies, J. Walter Thompson and D J Keyemer, were the ones that laid foundations of professional advertising in India in the early 1950s
 J Walter Thompson is now HTA and D J Keymer became Ogilvy & Mather. The positioning era had not dewaned till the 1950s and it was the time of "ART in INDUSRTY". Major advertisers like Burmah Shell and Dunlop were more concerned with "aesthetic creativity" rather than the compulsion of selling. Even in the mid – 1960s, advertising professionals had not heard of "positioning".

Subroto Sengupta, a well-known personality in the field of advertising, a renowned teacher of marketing and an author, was one of the founder-directors of Clarion Advertising. He was formerly associated with D J Keymer. Another agency that flourished was OBM of Mumbai. Indians started Dattaram, Sista's and National in Mumbai and Tom and Bay in Pune. To Start with, these agencies were only space buyers.

Kersey Kartrak, an exceptionally talented advertising professional, helped in nurturing many talents that include Arun Nanda, Mohammad Khan and Ravi Gupts in the mid-1960s. Gerson da Cunha introduces Alique Padamese who today is consider as the orginal god in Lintas. Other important names in Indian advertising include K Kurian, Sylvie da Kunha, Josephine Turor, Bobby Kooka, Subbash Ghosal and some others. The collapse of some agencies, such as MCM and Iyer's , brought on the scene many new agencies. The major trend of the 1970s was a professional approach and consolidation. During the 1980s, the economy showed significant improvements and advertising agencies flourished.

Advertising is rarely a stable business. I changes with business conditions, social and cultural times and technology. Ads in the pre-independence period in India were mainly addressed to the affluent classs. These ads were generally for tea, gramophones, cars, hotels and restaurants and cotton goods, etc. After independence, when the princely states and Zamindari system were abolished, a new middle-class emerged. With this significant changed social, cultural, and economic scenario, advertisers started paying attention to the middle class.

Advertising Club of Mumbai celebrated its silver jubilee in March 1980 and there was a workshop on twenty-five years of Indian advertising. There are now advertising clubs in al metropolitan cities and more than 500 advertising agencies. There are professional bodies that represent the advertiser, the advertising agency and the media. The names of these representative bodies are:

- The Indian Society of Advertisers (ISA)
- The Advertising Agencies Association of India (AAAI)
- The Indian Newspaper Society (INS)

Indian advertising has taken rapid strides and is becoming more professional by the day. The comment of former Chief Executive of Hindustan Thompson Associates, Mr. Ghosal, about Indian advertising is interesting. He said, "Advertising is absolutely essential. Unless a product sells, the investment made in the project is rendered infructuous. But the trouble with Indian advertising is that it is not rooted in our ethos. It is westernized, partly because most of our advertising is aimed at the urban consumer. But there should be a mix, so that advertising can sell and yet retain the Indian flavor".

Or advertising in the last couple of decades has made much progress in terms of technical excellence, copy and graphics. However, progress in the area of relating to the customers is slow. There is a definite trend, both in

audio-visual and print ads, to use appeals that are compatible with Indian Culture.

Advertising in the 21st Century:

The past decade has witnessed a remarkable impact on advertising due to rapid strides in technology. It is difficult to determine exactly what the coming decades in this new century will bring, however, what looks certain is that there will be much greater consumer involvement and control and some degree of two-way communication. With the opening up of economies, mass marketers will continue to increase their operations on a world wide basis. More and more global players will increasingly adjust their strategies to a local market; country-based or region-based; and advertising will increasingly acquire a local colour. In this regard we are already witnessing some interesting advertising campaigns by Coca-Cola and Pepsi.

Further progress in artificial intelligence will add a totally new dimension to advertising and it's planning. There will be major career opportunities for talented people in the electronic media. There will be a number of challenges unique to the coming generations and with these challenges there will be opportunities, responsibilities, and rewards that advertises of the past could not have imagined.

STRATEGIC ADVERTISING DECISIONS

Setting Advertising Objectives:

The advertising objectives are determines on the following basis:

- Message About Product – Details about the product play a prominent role in advertising for new and existing products. In fact, a very large percentage of product-oriented advertising includes some mention of features and benefits offered by the marketer's product. Advertising can be used to inform customers of changes that take place in existing products. For instance, if a beverage company has purchased the brands of another company resulting in a brand name change, an advertising message may stress "New Name but Same Great Taste".

- Message About Price – Companies that regularly engage in price adjustments, such as running short term sales (i.e., price markdown), can use advertising to let the market know of price reductions. Alternatively, advertising can be used to encourage customers to purchase now before a scheduled price increase takes place.

- Message About Other Promotions – Advertising often works hand-in-hand with other promotional mix items. For instance, special sales promotions, such as contests, may be announced within an advertisement. Also, advertising can help salespeople gain access to new accounts if the advertising precedes the salesperson's attempt to gain an appointment with a

prospective buyer. This may be especially effective for a company entering a new market where advertising may help reduce the uncertainty a buyer has about a new company.

- Message About Distribution – Within distribution channels, advertising can help expand channel options for a marketer by making distributors aware of the marketer's offerings. Also, advertising can be used to let customers know locations where a product can be purchased.

Setting the Advertising Budget

Setting an advertising objective is easy, but achieving the objective requires a well-thought out strategy. One key factor affecting the strategy used to achieve advertising objectives is how much money an organization has to spend. The funds designated for advertising make up the advertising budget and it reflects the amount an organization is willing (i.e., approved by high-level management) to commit to achieve its advertising objectives.

Organizations use several methods for determining advertising budgets including:

- Percentage of Sales – Under this approach advertising spending is set based on either a percentage of previous sales or a percentage of forecasted sales. For example, an organization may set next year's advertising budget at 10% of this year's sales level. One problem with this approach is that the budget is based on what has already happened and not what is expected to occur. If the overall market grows rapidly in the following year, the 10% level from the

previous year may be well below what is necessary for the company to maintain or increase its market share. Alternatively, companies may consider allocating advertising funds based on a percentage of forecasted sales. In this way advertising is viewed as a driver of future sales and spending on advertising is linked directly to meeting future sales forecasts. However, since future sales are not guaranteed, the actual percentage spent may be considerably higher than expected if the sales forecast is greater than what actually occurs.

- What is Affordable – Many smaller companies find spending of any kind to be constraining. In this situation, advertising may be just one of several tightly allocated spending areas and, thus, the level spent on advertising may vary over time. For these companies, advertising may only occur when extra funds are available.

- Best Guess – Companies entering new markets often lack knowledge of how much advertising is needed to achieve their objectives. In cases where the market is not well understood, marketers may rely on their best judgment (i.e., executive's experience) of what the advertising budget should be.

Selecting Media Outlets

With an objective and a budget in place, the advertising campaign will next need to focus on developing the message. However, before effort is placed in developing a

message the marketer must first determine which media outlets will be used to deliver their message since the choice of media outlets guides the type of message that can be created and how frequently the message will be delivered.

An advertising message can be delivered via a large number of media outlets. These range from traditional outlets, such as print publications, radio and television, to newly emerging outlets, such as the Internet and mobile devices. However, each media outlet possess different characteristics and, thus, offer marketers different advantages and disadvantages.

The characteristics by which different media outlets can be assessed include the following seven factors:

1. Creative Options
2. Creative Cost
3. Media Market Reach
4. Message Placement Cost
5. Length of Exposure
6. Advertising Clutter
7. Response Tracking

Creative Options

An advertisement has the potential to appeal to four senses – sight, sound, smell and touch. (It should be noted that promotion can also appeal to the sense of taste but generally these efforts generally fall under the category of sales promotion which

we will discuss in a later tutorial.) However, not all advertising media have the ability to deliver multi-sensory messages. Traditional radio, for example, is limited to delivering audio messages while roadside billboards offer only visual appeal. Additionally, some media may place limits on when particular options can be used. For instance, some search engines or websites may only accept graphical-style ads, such as images, if these conform to certain large dimensions and limit small advertising to text-only ads.

Creative Cost

The media type chosen to deliver a marketer's message also impacts the cost of creating the message. For media outlets that deliver a multi-sensory experience (e.g., television and Internet for sight and sound; print publications for sight, touch and smell) creative cost can be significantly higher than for media targeting a single sensory experience. But creative costs are also affected by the expectation of quality for the media that delivers the message. In fact, media outlets may set minimal production standards for advertisements and reject ads that do not meet these standards. Television networks, for example, may set high production quality levels for advertisements they deliver. Achieving these standards requires expensive equipment and high cost labor, which may not be feasible for small businesses. Conversely, creating a simple text only Internet advertisement requires very little cost that almost anyone is capable of creating.

Media Market Reach

The number of customers exposed to a single promotional effort within a target market is considered the reach of a promotion. Some forms of advertising, such as television advertising, offer an extensive reach, while a single roadside billboard on a lightly traveled road offers very limited reach.

Market reach can be measured along two dimensions: 1) channels served and, 2) geographic scope of a media outlet.

- Channels Served - This dimension relates to whether a media outlet is effective in reaching the members within the marketer's channel of distribution. Channels can be classified as:

  - Consumer Channel – Does the media outlet reach the final consumer market targeted by the marketer?

  - Trade Channel – Does the media outlet reach a marketer's channel partners who help distribute their product?

  - Business-to-Business – Does the media outlet reach customers in the business market targeted by the marketer?

- Geographic Scope – This dimension defines the geographic breadth of the channels served and includes:

  - International – Does the media outlet have multi-country distribution?

  - National – Does the media outlet cover an entire country?

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o Regional – Does the media outlet have distribution across multiple geographic regions such as counties, states, provinces, territories, etc.?

o Local – Does the media outlet primarily serve a limited geographic area?

o Individual – Does the media outlet offer individual customer targeting?

Message Placement Cost

Creative development is one of two major spending considerations for advertising. The other cost is for media placement; the purchase of ad time, space or location with media outlets that deliver the message. Advertising placement costs vary widely from very small amounts for certain online advertisements to exorbitant fees for advertising on major television programs. For example, in the United States the highest cost for advertising placement occurs with television ads shown during the National Football League's Super Bowl championship game where ad rates for a single 30-second advertisement exceed (US) $2.5 million. By contrast, ads placed through online search engines may cost less than (US) $1 dollar.

Media outlets set placement cost using several factors though the most important are determined by audience size, audience type and an advertisement's production characteristics:

- Audience Size – Refers to the number of people who experience the media outlet during a particular time period. For example, for television outlets audience size is measured in terms of number of program viewers, for print publications audience is measured by number of readers, and for websites

audience is measured by number of visitors. In general, the more people experiencing a media outlet, the more the outlet can charge for ads. However, actual measurement of the popularity of media outlets is complicated by many factors to the point where the media outlets are rarely trusted to give accurate figures reflecting their audience. Today nearly all media outlets rely on third-party audit organizations to measure audiences and most marketers rely on these auditors to determine whether the cost of placement is justified given the audited audience size.

• Audience Type – As we have discussed many times in the Principles of Marketing tutorial, the key to marketing is aligning marketing decisions to satisfy the needs of a target market. A well-defined target market is critical to successful marketing and vital to a successful advertising campaign. When choosing a media outlet, selection is evaluated based on the outlet's customer profile (i.e., viewers, readers, website visitors) and whether these match the characteristics sought by the marketer's desired target market. The more selectively targeted the audience, the more valuable this audience is to advertisers since with targeted advertising promotional funds are being spent on those with the highest potential to respond to the advertiser's message. The result is that media outlets, whose audience shares very similar characteristics (e.g., age, education level, political views, etc.), are in a position to charge higher advertising rates than media outlets that do not appeal to such a targeted group.

- Characteristics of the Advertisement – Media outlet also charge different rates based on creative characteristics of the message. Characteristics that create ad rate differences include:

  - Run Time (e.g., length of television or radio ads)

  - Size (e.g., print ads size, billboard size)

  - Print Style (e.g., black-and-white vs. color)

  - Location in Media (e.g., back magazine cover vs. inside pages)

Length of Exposure

Some products require customers be exposed to just a little bit of information in order to build customer interest. For example, the features and benefits of a new snack food can be explained in a short period of time using television or radio commercials. However, complicated products need to present more information for customers to fully understand the product. Consequently, advertisers of these products well seek media formats that allot more time to deliver the message.

Media outlets vary in how much exposure they offer to their audience. Magazines and other publications provide opportunities for longer exposure times since these media types can be retained by the audience (i.e., keep old magazines) while exposure on television and radio are generally limited to the time the ad was broadcast.

Advertising Clutter

In order to increase revenue, media outlets often include a large number of ads within a certain time, space or location. For instance, television programs may contain many ads inserted during the scheduled run-time of a program. A large number of advertisements create an environment of advertising clutter, which makes it difficult for viewers to recognize and remember particular advertisements. To break through the clutter advertisers may be required to increase the frequency of their advertising efforts (i.e., run more ads). Yet greater advertising frequency increases advertising expense. Alternatively, advertisers may seek opportunities that offer less clutter where an ad has a better chance of standing out from others. This can be seen with online downloads (e.g., podcasts) of sports and news programming where a 5-10 minute story will be presented with a single 30-60 second ad.

Response Tracking

As we noted in Part 13: Advertising, marketers are embracing new technologies that make it easier to track audience response to advertisements. Newer media developed using Internet technology offer effective methods for tracking audience response compared to traditional media. But Internet-media are not alone in providing response tracking. Other advertising outlets, such as advertising by mail and television infomercial programming, also provide useful measures of audience reaction.

Type of Media Outlets

While just a few years ago marketers needed to be aware of only a few media outlets, today's marketers must be well-versed in a wide range of media options. The reason for the growing number of media outlets lies with advances in communication technology, in particular, the Internet. As we discussed in the Advertising Trends section in Part 13, the number of media outlets will continue to grow as new technologies emerge.

Next we provide an overview of 10 leading media outlets:

1. Television
2. Radio
3. Print Publications
4. Internet
5. DirectMail
6. Signage
7. Product Placement
8. MobileDevices
9. Sponsorships
10. Others

Television Advertising

Television advertising offers the benefit of reaching large numbers in a single exposure. Yet because it is a mass medium capable of being seen by nearly anyone, television lacks the ability to deliver an advertisement to highly targeted customers compared to other media outlets. Television networks are attempting to improve

their targeting efforts. In particular, networks operating in the pay-to-access arena, such as those with channels on cable and satellite television, are introducing more narrowly themed programming (i.e., TV shows geared to specific interest groups) designed to appeal to selective audiences. However, television remains an option that is best for products that targeted to a broad market.

The geographic scope of television advertising ranges from advertising within a localized geographic area using fee-based services, such as cable and fiber optic services, to national coverage using broadcast programming.

Television advertising, once viewed as the pillar of advertising media outlets, is facing numerous challenges from alternative media (e.g., Internet) and the invasion of technology devices, such as digital video recorders (see more in the Advertising Trends section in Part 13: Advertising), that have empowered customers to be more selective on the advertisements they view. Additionally, television lacks effective response tracking which has led many marketers to investigate other media that offer stronger tracking options.

Radio Advertising

Promotion through radio has been a viable advertising option for over 80 years. Radio advertising is mostly local to the broadcast range of a radio station, however, at least three options exist that offer national and potentially international coverage. First, in many countries there are radio networks that use many geographically distinct stations to broadcast simultaneously. In the United States such networks as Disney (children's programming) and ESPN (sports programming) broadcast

nationally either through a group of company-owned stations or through a syndication arrangement (i.e., business agreement) with partner stations. Second, within the last few years the emergence of radio programming delivered via satellite has become an option for national advertising. Finally, the potential for national and international advertising may become more attractive as radio stations allow their signals to be broadcast over the Internet.

In many ways radio suffers the same problems as television, namely, a mass medium that is not highly targeted and offers little opportunity to track responses. But unlike television, radio presents the additional disadvantage of limiting advertisers to audio-only advertising. For some products advertising without visual support is not effective.

Print Publication Advertising

Print publications such as magazines, newspapers and Special Issue publications offer advertising opportunities at all geographic levels. Magazines, especially those that target specific niche or specialized interest areas, are more narrowly targeted compared to broadcast media. Additionally, magazines offer the option of allowing marketers to present their message using high quality imagery (e.g., full color) and can also offer touch and scent experiences (e.g., perfume). Newspapers have also incorporated color advertisements, though their main advantage rests with their ability to target local markets. Special Issue publications can offer very selective targeting since these often focus on an extremely narrow topics (e.g., auto buying guide, tour guides, college and university ratings, etc.).

Internet Advertising

The fastest growing media outlet for advertising is the Internet. Compared to spending in other media, the rate of spending for Internet advertising is experiencing tremendous growth. However, total spending for Internet advertising remains relatively small compared to other media. Yet, while Internet advertising is still a small player, its influence continues to expand and each year more major marketers shift a larger portion of their promotional budget to this medium. Two key reasons for this shift rest with the Internet's ability to: 1) narrowly target an advertising message and, 2) track user response to the advertiser's message.

The Internet offers many advertising options with messages delivered through websites or by email.

- Website Advertising - Advertising tied to a user's visit to a website accounts for the largest spending on Internet advertising. For marketers, website advertising offers many options in terms of:

    o Creative Types – Internet advertising allows for a large variety of creative types including text-only, image-only, multimedia (e.g., video) and advanced interactive (e.g., advertisement in the form of online games).

    o Size – In addition to a large number of creative types, Internet advertisements can be delivered in a number of different sizes (measured in screen pixels) ranging from full screen to small square

ads that are only a few pixels in size. The most popular Internet ad sizes include banner ads (468 x 60 pixels), leaderboard (728 x 90 pixels) and skyscraper (160 x 600 pixels).

o Placement – The delivery of an Internet advertisement can occur in many ways including fixed placement in a certain website location (e.g., top of page), processed placement where the ad is delivered based on user characteristics (e.g., entry of words in a search box, recognition of user via Internet tracking cookies), or on a separate webpage where the user may not see the ad until they leave a site or close their browser (e.g., pop-under).

o Delivery – When it comes to placing advertisements on websites marketers can, in some cases, negotiate with websites directly to place an ad on the site or marketers can place ads via a third-party advertising network, which has agreements to place ads on a large number of partner websites.

• Email Advertising – Using email to deliver an advertisement affords marketers the advantage of low distribution cost and potentially high reach. In situations where the marketer possesses a highly targeted list, response rates to email advertisements may be quite high. This is especially true if those on the list have agreed to receive email, a process known as "opt-in" marketing. Email advertisement can take the form of a regular email message or be presented within the context of more detailed content, such as an

electronic newsletter. Delivery to a user's email address can be viewed as either plain text or can look more like a website using web coding (i.e., HTML). However, as most people are aware, there is significant downside to email advertising due to highly publicized issues related to abuse (i.e., spam).

Direct Mail

This method of advertising uses postal and other delivery services to ship advertising materials, including postcards, letters, brochures, catalogs and flyers, to a physical address of targeted customers. Direct mail is most effective when it is designed in a way that makes it appear to be special to the customer. For instance, a marketer using direct mail can personalize mailings by including a message recipient's name on the address label or by inserting their name within the content of marketer's message.

Direct mail can be a very cost-effective method of advertising, especially if mailings contain printed material. This is due to cost advantages obtained by printing in high volume since the majority of printing costs are realized when a printing machine is initially setup to run a print job and not the because of the quantity of material printed. Consequently, the total cost of printing 50,000 postcards is only slightly higher than printing 20,000 postcards but when the total cost is divided by the number of cards printed the cost per-card drops dramatically as more pieces are printed. Obviously there are other costs involved in direct mail, primarily postage expense.

While direct mail can be seen as offering the benefit of a low cost-per-contact, the actual cost-per-impression can be quite high as large numbers of customers may discard the mailing before reading. This has led many to refer to direct mail as "junk mail" and due to the name some marketers view the approach as ineffective. However, direct mail, when well-targeted, can be an extremely effective promotional tool.

Signage and Billboards

The use of signs to communicate a marketer's message places advertising in geographically identified areas in order to capture customer attention. The most obvious method of using signs is through billboards, which are generally located in high traffic areas. Outdoor billboards come in many sizes, though the most well-known are large structures located near transportation points intending to attract the interest of people traveling on roads or public transportation. Indoor billboards are often smaller than outdoor billboards and are designed to attract the attention of foot traffic (i.e., those moving past the sign). For example, smaller signage in airports, train terminals and large commercial office space fit this category.

While billboards are the most obvious example of signage advertising, there are many other forms of signage advertising include:

- Sky writing where airplanes use special chemicals to form words

- Plane banners where large signs are pulled behind an airplane

- Mobile billboards where signs are placed on vehicles, such as buses and cars, or even carried by people

- Plastic bags used to protect newspapers delivered to homes

- Advertisements attached to grocery carts

Product Placement Advertising

Product placement is an advertising approach that intentionally inserts products into entertainment programs such as movies, TV programs and video games. Placement can take several forms including:

- visual imagery in which the product appears within the entertainment program
- actual product use by an actor in the program
- words spoken by an actor that include the product name

Product placement is gaining acceptance among a growing number of marketers for two main reasons. First, in most cases the placement is subtle so as not to divert significant attention from the main content of the program or media outlet. This approach may lead the audience to believe the product was selected for inclusion by program producers and not by the marketer. This may heighten the credibility of the product in the minds of the audience since their perception, whether accurate or not, is that product was selected by an unbiased third-party. Second, as we discuss in Part 13: Advertising, entertainment programming, such as television, is converging with other media, particularly the Internet. In the future a viewer of a television program may be able to easily request information for products that appear in a program by simply pointing to the product on the screen. With the information they may get the option to purchase the product. As this technology emerges it is expected that product placement opportunities will become a powerful promotional option for many marketers.

Mobile Device Advertising

Handheld devices, such as cellphones, personal digital assistants (PDAs) and other wireless devices, make up the growing mobile device market. Such devices allow customers to stay informed, gather information and communicate with others without being tied to a physical location. While the mobile device market is only beginning to become a viable advertising medium, it may soon offer significant opportunity for marketers to reach customers at anytime and anyplace.

Also, with geographic positioning features included in newer mobile devices, the medium has the potential to provide marketers with the ability to target customers based on their geographic location. Currently, the most popular advertising delivery method to mobile devices is through plain text messaging, however, over the next few years multimedia advertisements are expected to become the dominant message format.

Sponsorships

A subtle method of advertising is an approach in which marketers pay, or offer resources and services, for the purpose of being seen as a supporter of an organization's event, program or product offering (e.g., section of a website). Sponsorships are intended not to be viewed a blatant advertisement and in this way may be appealing for marketers looking to establish credibility with a particular target market. However, many sponsorship options lack the ability to tie spending directly to customer response. Additionally, the visibility of the sponsorship may

be limited to relatively small mentions especially if the marketer is sharing sponsorship with many other organizations.

Others

While the nine media outlets discussed above represent the overwhelming majority of advertising methods, there are several more including:

- advertising using telephone recordings (e.g., political candidate's messages)

- advertising via fax machine (though there may be certain legal issues with this method)

- advertising through inserted material in product packaging (e.g., inside credit card bill)

- advertising imprinted on retail receipts (e.g., grocery store, cash machine)

Creating a Message

In our discussion of the communication process in Part 12: Marketing Communication, effective communication requires the message source to create (encoding) a message that can be interpreted (decoding) by the intended message receiver. In advertising, the act of creating a message is often considered the creative aspect of carrying out an advertising campaign. And because it is a creative process, the number of different ways a message can be generated is limited only by the imagination of those responsible for developing the message.

When creating an advertising message the marketer must consider such issues as:

- General Message Factors
- Message Structure
- Message Testing

General Message Factors

When developing the message the marketer must take into consideration several factors including:

- Characteristics of the Target Audience – The makeup of the target audience (e.g., age, location, attitudes, etc.) impacts what is conveyed in the message.

- Type of Media Used – The media outlet (e.g., television, print, Internet, etc.) used to deliver the message impacts the way a message will be created.

- Product Factors – Products that are highly complex require a different message than simpler products. Additionally, the target market's familiarity with a product affects what is contained in a message. For instance, a new product attempting to gain awareness in the market will have a message that is much different than a product that is well-known.

- Overall Advertising Objective – As mentioned, the objective of the advertising campaign can affect the type of ad that is designed. For example, an advertisement with the objective of stimulating immediate sales for an existing product will be different than an advertisement that seeks to build initial awareness of a new product.

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Message Structure

Most advertising messages share common components within the message including:

- The Appeal – This refers to the underlying idea that captures the attention of a message receiver. Appeals can fall into such categories as emotional, fearful, humorous, and sexual.

- Value Proposition – The advertising message often contains a reason for customers to be interested in the product which often means the ad will emphasize the benefits obtained from using the product.

- Slogan – To help position the product in customer's mind and distinguish it from competitors' offerings, advertisements will contain a word or phrase that is repeated across several different messages and different media outlets.

Message Testing

Before choosing a specific message marketers running large advertising campaigns will want to have confidence in their message by having potential members of the targeted audience provide feedback. The most popular method of testing advertising for the marketer (or their ad agency) is to conduct focus groups where several advertising messages are presented. On the Internet, advertising delivery technology allows for testing of ads by randomly exposing website visitors to different ads and then measuring their response.

Evaluating Campaign Results

The final step in an advertising campaign is to measure the results of carrying out the campaign. In most cases the results measured relate directly to the objectives the marketer is seeking to achieve with the campaign. Consequently, whether a campaign is judged successful is not always tied to whether product sales have increased since the beginning of the campaign. In some cases, such as when the objective is to build awareness, a successful campaign may be measured in terms of how many people are now aware of the product.

In order to evaluate an advertising campaign it is necessary for two measures to take place. First, there must be a pre-campaign or pre-test measure that evaluates conditions prior to campaign implementation. For instance, prior to an advertising campaign for Product X a random survey may be undertaken of customers within a target market to see what percentage are aware of Product X. Once the campaign has run, a second, post-campaign or post-test measure is undertaken to see if there is an increase in awareness. Such pre and post testing can be done no matter what the objective including measuring the campaign's impact on total product sales.

UNIT – IV

Chapter Objectives:

When you have completed this chapter you should be able to;

- ➢ Understand what is advertising effectiveness
- ➢ Appreciate measurement of advertising effectiveness
- ➢ Explain the evolution of global marketing
- ➢ Discuss the approaches to international advertising
- ➢ Summarize how international management affects international advertising
- ➢ List the special problems international advertisers face
- ➢ Describe an IMC campaign and explain why it is more complex than traditional advertising
- ➢ Outline the structure of an IMC campaign plan
- ➢ Explain the purpose of evaluating a campaign

MEASURING ADVERTISING EFFECTIVENESS: INTRODUCTION

Advertising may be extensive but ineffective in its approach. An unnecessarily large amount is sometimes spent without any reward. An improper display may tarnish the image of the product.

An advertising measurement is adopted both before and after an advertising campaign is launched. After a campaign has been launched, it is essential to know how far the advertising plans, strategies and programmes are successful in achieving the objectives so that they may be modified and redesigned for better performance if needed. This process is known as measuring the advertising effectiveness. There are several questions which are to be answered by advertising measurements. For example, How far was the campaign successful? Why was it not successful? What were the reasons for not attaining the objectives?

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OBJECTIVES OF MEASURING ADVERTISING EFFECTIVENESS:

Some advertisers do not bother to measure advertising effectiveness. They expect that the sales will ultimately increase by reason of advertising. But, recently, problems and difficulties have compelled them to measure advertising effectiveness. The producers also adopt a measuring device because they incur a sizeable amount of expenditure on advertising. The effectiveness of media and message are also assessed for their use in future.

The results of same amount of advertising budget vary for several reasons. Only through the measuring of advertising effectiveness the success of a particular campaign can be known. Various measuring techniques have been developed to measure effectiveness at every stage to isolate the effects of advertising from those of other promotional and marketing activities. The copy, media and other advertising components have been tested. The factors like readership, consumer opinion, belief or disbelief, recall, attention, comprehension, attitude, etc are taken into consideration for measuring effectiveness. Positive relationships are established between these factors and sales. The best read and highly rated advertisements are determined by consumers under an advertising research programme. There are different methods of measuring audience response.

MEASURING SALES AND COMMUNICATION PERFORMANCE

Two important aspects of measurements, viz., sales and communication objectives are measured to judge the advertising effectiveness.

Sales Measurement:

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Where advertising is the predominant contributor to sales, the sales response is immediate and when internal and external factors affecting sales are held constant or are ineffective. Measuring effectiveness in terms of sales only is not very logical or scientific as advertising is not the only contributory factor to sales. A non-linear relationship exists between advertising and sales. The advertising effect is not always immediate. There are the adverse effects of competition too. While measuring the advertising with the yardstick of sales the measurement of advertising effectiveness becomes easy if the controllable and uncontrollable factors are taken as constant.

Measurement of Communication effects:

Advertising is basically a communication process. The effectiveness of advertising can be measured by how much the communication process has been useful in motivating consumers. The communication objectives, i.e., establishing brand awareness, improving recall, increasing brand recognition, bringing about an attitude change, etc., can be measured because these are realistic. Advertising effectiveness is measured by its direct and immediate impact on consumer behaviour.

The measurement of objectives in terms of sales is not scientific. The measurement of attitude is not logical. If image building is the objective of advertising, its effectiveness should be measured in terms of image building and not in terms of sales or in terms of the attainment of any other communication objectives.

WHEN TO MEASURE?

The measurement of advertising effectiveness can be done at any time from planning stage to final stage. If advertising is tested before it is run, it is known as pre-testing. It helps to develop more effective communication and exercises control

over costs. The effectiveness of advertising activities is generally examined when the campaign has been run and advertising functions have been performed. This is known as post-testing because the effectiveness is measured after the final stage of the campaign has been reached. The advertising effectiveness can also be tested when the campaign is under way with a view to modifying it, if necessary. While adopting a particular test, the cost of testing should be borne in mind.

Pre-testing is adopted to measure the effectiveness and accuracy of an advertising plan before its implementation. **Post-testing** is done after the advertising activities have been completed to examine the effectiveness of these advertising activities. **A mid-test** involves a test before the completion of advertising functions and after the implementation of the advertising plan.

METHODS OF MEASUREMENTS

There are two methods of measuring advertising effectiveness, viz,, experimental method and survey method. Under experimental method, consumers are given a controlled exposure to the message and the effects are measured on the basis of the change in opinion or attitude. A base line is observed with the use of a control group not exposed to the advertising campaign.

The results of the exposure in almost all the situations are recorded. The alternative effects of each exposure are considered for comparison and with a view to establishing a relationship between the exposure and the effects. Field experiments are conducted to measure the effects of mass communication. Sample surveys or interviews or questionnaires are used to obtain information about people's exposure to the advertising campaign. The effectiveness is evaluated on the basis of the correlations between the exposure and the attitude or action.

Pre testing methods

Pre-testing is preferred because it enables one to know how effective an advertisement is likely to be, before spending the budget and adopting advertising actions. The advertiser should use only those messages and media which prove to be the strongest in producing the desired results. It is important to adopt corrective methods against mistakes. Pre-testing may be of the following types:-

- ❖ consumer jury,
- ❖ storyboard tests,
- ❖ laboratory tests,
- ❖ tachistoscope,
- ❖ psychogalvanometer,
- ❖ eye camera,
- ❖ pupil dilation,
- ❖ attitude test, and
- ❖ Depth interviewing.

Consumer Jury

Consumer reaction has greater validity than the reactions of non-consumers. Consumers can provide true information on reaction to an advertising campaign. Others may underestimate or overestimate the reactions. The copy, illustrations, filming techniques, layout, etc. can be properly evaluated by the consumers concerned with the product. The consumer jury technique is adopted for print media, broadcast media and direct mail.

Print Media: The consumers selected may be asked either to evaluate an advertisement or rate two or more advertisements. Each respondent is asked to express his preference for each advertisement. The most common method is to insert a questionnaire in the advertisement and request the readers to indicate their preferences. Copywriters test their creations on consumers. Some newspaper

advertisers invite consumers their office and invite their reaction to the advertising copy or copies of magazines are sent to some consumers to find out their reactions. The reactions of consumers are evaluated and any inconsistency in advertising is removed.

The major advantage is that they separate out the weak advertisements from the strong at a low cost and high speed. The actual consumers may suggest improvements and modifications. Only conscious ratings are evaluated. Reply to the questions in a very conscious manner may not give a correct impression of advertisements.

Broadcast Media: Consumers are asked to come to the television studio where they are shown different television programmes for final consideration. Sometimes, the television advertisement messages are pre-examined in different localities.

Direct mail test: The direct mail test is used through the mail. The post cards containing copy appeal, each with a reply-paid card, is sent free-of-cost to consumers, who are required to give their evaluation.

Storyboard Tests: The storyboard prepared for television advertising is tested before it is used. The storyboard pictures are transferred to a film strip and the audio section onto a tape. Vision and sound are synchronized and shown to an audience for evaluation. This test uncovers the unnecessary part. The important part of advertising is accepted for telecasting. The anteroom trailer method is used to test the commercial. The anteroom contains magazines, newspapers, distractions and television recorded programmes.

Laboratory Tests: The respondents are placed in laboratory situations and are asked to explain the measurements regarding the effectiveness of the advertisement. Laboratory conditions offer a controlled environment that excludes the variables which may invalidate the test. It is used to measure awareness, attention, desire,

retention, etc. For example, the respondents are taken to a theatre, mock-up supermarkets or some other place for experimental purposes.

Tachistoscope: It is a projector that can project objects on to a screen at rates so fast that the viewer cannot detect the message. It is slowed down to a level where the message can be perceived easily. The respondents should understand and appreciate the message, interesting words, slogans, headlines, etc. They can be easily segregated from the less interesting message.

Psychogalvanometer: It is a mechanical device that measures the amount of perspiration. It measures a respondent's reactions to new records and slogans. Electrodes are attached to his palms to detect changes in electrical resistance arising from perspiration. If the machine registers lower electrical resistance it is the existence of tension. The main objective is to attract attention to the product which is reflected by the galvanic skin response. But it should not be concluded that greater tension reflects the greater success of the advertisement.

Eye Camera: The eye movements are recorded by a video camera. It records the activity of the eye by is movements. The audience is asked to look at a series of pictures on a screen but unaware that their eye actions are being photographed. It shows what the respondent sees. If a commercial is interesting and if he is attracted by it, his eyes will be fixed on that. The respondents may be asked some questions about the advertisement.

Pupil Dilation: The size of the pupil changes as people see different things. The change follows different advertising stimuli. It becomes wider as greater interest is aroused. The pupil shrinks if the eye is not interested. A pupilometer records the dilation which is involuntary and measures the interest shown by the respondent.

Attitude Test: The attitude is closely related to advertising effectiveness. Respondents are asked to give answers to the questions on a seven-point bipolar

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scale about their feelings about a particular advertisement. The semantic differential rating scale has been used extensively to measure advertising effectiveness. If the attitudes of potential customers are changed toward the products, the advertisement is considered effective. The attitude of potential customers or respondents can be measured accurately on the attitude scale. This scale measures the position of the consumers' attitudes on a continuum, varying from favourable at one end and to unfavourable at the other end. This test is applied before the use of the advertising media, message and campaign to find out how far they would influence consumer attitudes.

Depth Interviewing: It is concerned with getting the respondent to react freely to the brand, organisation and product. By suitable questions, the interviewer brings out his unconscious reactions to the surface. The reactions are noted to bring out the facts. Depth interviewing involves non-structured questions. The flexibility and intelligence of the interviewer identify the significant points made in the interview and achieve meaningful and valid results. This technique is useful for exploratory research, for ideas and suggestions.

POST-TESTING METHODS

It is applied after the advertisement has ended to find out how far advertising has been successful. The objective of advertising is to arouse consumer awareness, his interest, desire and develop his attitude to the product. These are recognition tests, recall tests, attitude change, sales and recognition tests

Recognition test: It is developed by Danial Starch. It measures the readership of printed advertisements. It is also called the readership test. It is based on the assumption that there is a high correlation between the reading of the advertisement and the purchase of the product. A particular advertisement may be examined by sending the whole newspaper or magazine wherein it is published. Afterwards

readers are approached to find out whether they have read the advertisements or not. The percentage of readership who have seen the advertisement and remember it, who recall seeing or reading any part of it, identifying the product and brand, and who reported reading at least one half of the advertisement is calculated. The relationship between readers per rupee and the median readers per rupee can be established. The advantage is that it measures something which has been realized under normal conditions. The recognition tests show the importance of each type of advertisement on the basis of the readership test. This is an uncontrolled interview and suffers from the problems of uncontrolled techniques of examination.

Recall Tests

A recall test depends on the memory of the respondents. This test is applied to measure the impression made by an advertisement on the reader's mind. It is classified into two types – aided recall and unaided recall. Some have combined the two and made it a combined recall test.

(i) Aided Recall: It is used to measure the reading memory of magazine advertising impressions. It is necessary to use a large sample size for statistical reliability. The aided test measures television advertising. The interviewer may approach the respondents over the telephone or in person to find out something about their recall of the commercial. A radio advertisement may be given the aided recall test followed by an unaided question. For example: "What products have been advertised during the last two days?" Then the recall aid is provided by asking: 'Have you heard the advertisements of brand X? "The recall test may be administered immediately or two or three days after the exposure.

(ii) Unaided Recall: Under this method, little or no aid is given. The purpose is to measure the penetration of the advertisement. Respondents are asked whether the advertisements included a particular picture or message. The name of the product is

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not given to the audience. They have to recall it themselves. If they do remember, it is established that there was some impact of the advertisement.

(iii) Combined Recall Tests: It includes aided as well as unaided recall tests. This test was developed by Gallup and Robinson. Respondents are asked whether they have read the magazine or newspaper, or listened to the radio or watched television. This technique involves following steps.

1. The respondents should recall and describe correctly at least one editorial feature in the magazine or newspaper.

2. They are handed a group of cards on which are printed the names of brands-advertised in the issue. They are asked which of the brands were advertised in that issue.

3. The respondents are questioned in depth to evaluate the accuracy of their recall.

4. A copy of the magazine is given to the respondents. They are asked whether they have seen the advertisement: for the first time or seen it a second or third time. The reply that they have seen it a second time or more often is discarded from the recall test because they are included under the Proven Name Registration (PNR).

The information on age, sex, education, occupation, etc. may establish a relationship between these factors and recall. This method measures the recall of qualified readers to assess the depth of penetration achieved by the advertised message.

The limitation of the test is the heavy cost involved in the study. It is affected by the variation in human memory. The audience may recall because it has seen the previous advertisements of the product.

Attitude Change

There are several techniques for the measurement of attitude change after the advertising has ended. These techniques are as follows:

- ❖ Semantic differential,
- ❖ Likert scale,
- ❖ Ranking techniques and
- ❖ Projective technique.

(i) Semantic Differential: It is used to measure attitude in the field of marketing and advertising research. It uses a bi-polar (opposite) adjective statement about the subject of evaluation. The attitude is measured in the light of some objectives. The two-way scale is used for the purpose. The neutral is mid-point, while the three points on both the sides of the neutral point, on the same scale, provide the degree of favourable and unfavourable characteristics. The semantic differential is illustrated below.

SEMANTIC DIFFERENTIALS

Known --- unknown

Informative.--. Un informative

Realistic--Unrealistic

Persuasive --Not persuasive

Instructive ---Destructive

Effective --Ineffective

Useless--Useful

The above points are merely illustrative. Depending upon the characteristics and features of an advertisement more number of points may also be used.

(ii) The Likert Scale: The Likert scale is used to measure audience attitude to advertisements. A series of statements are described to measure the attributes of the

advertisement. Only the relevant statements are used for the purpose. Each statement is measured on a five-point scale. It is being illustrated as follows:

THE LIKERT SCALE

Particulars	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Radio advertising has been heard by a majority of the population.					
Nirma Advertisement appealed to people who have accepted it.					
Repetition of advertisement has reminded people about the product					

(iii) Ranking techniques: The preferences to several types of advertisements are ranked to find out the place of a particular advertisement among the several advertisements. An advertisement of one product can be measured with the advertisements of other products taken together. This is done to find out the effectiveness of the advertisement in a competitive atmosphere. The winner may be given rank 1 and loser is given rank 5. The ranking is based on awareness, interest, attitude change, attractiveness, usefulness, entertaining respect, effectiveness, etc. A sufficient number of consumers are selected for a sample survey. The overall rank is summed up to determine the final rank of the advertisement of the brand.

(iv) Projective Techniques: It is used to measure attitude change. Association techniques, completion techniques, construction techniques and expressive techniques are used to measure the change in attitude.

Sales Test

It is designed to evaluate the effects of advertising on the purchase behaviour of the consumer. It is successfully applied to examine the consumer behaviour to advertisements of consumption goods. Sales are effected after creating an image of and interest in, the product. With the help of sales audit and audience response, it is possible to evaluate the effects of advertising on sales. There are generally three types of sales tests, viz.,

➢ Measure of past sales,
➢ Field experiments, and
➢ Matched samples.

(i) Measure of Past Sales: Advertising and sales are correlated by using the past sales data. The past data on sales are diversified and their advertising expenses are correlated to establish their relationship Sales data for the past ten years as well as the advertising expenses are collected and tabulated to establish the correlation between the sales volume and advertising expenses. All other factors influencing sales are also correlated with the sales. The differences between their correlations show the importance of each individual factor influencing sales.

(ii) Field Experiments: Field experiments may show the extent to which a particular advertising campaign has affected sales. The whole market may be divided into test and control areas. One treatment may be randomly administered to each area to know how a particular factor has influenced the sales in that area. The different treatments may be used to eliminate irrelevant variables. The results of

each variable are recorded for different periods. These figures give the total impact of advertising on sales.

(iii) Matched Samples: The respondents belonging to the same age, educational status, occupation, sex, etc. are selected for comparison of advertising effectiveness. They are matched in every respect but not for the test treatment. One group has seen the advertisements and other group has not seen the advertisements. The sales of the treated group should he higher than those of the not-treated group. This would show the difference between the sale of the advertised products and of the non-advertised products.

Control on Advertising by practitioners; media and market

Advertising puts across messages and their presentation may be against the accepted values of society. Moral and ethical values have been discarded by several advertisers. These unsocial, immoral and unethical values are controlled by government and by consumers.

With the growing criticisms of advertising, advertisers have been considering the idea of self-regulation. Self- regulation would result in true and accurate messages. Many advertisers were skeptical of the success of self-regulation. Yet many advertisers have declared that they should exercise control over, and restraint on, their activities. Therefore, they opted for self-regulation in 1970 in USA. Consequently, the Council of Better Business Bureaus and National Advertising Review Board were established.

The first self-regulatory organization was established by the Advertising Club of Cleveland. It was known as Better Business Bureau. The Better Business Bureau (BBB) operated at local levels. In 1976, there were about 240 Better Business Bureaus throughout the USA. They were fighting immoral and unethical advertising to raise its standards. Advertising agencies, advertising media and other

agencies were determined to stamp out deceptive advertising. Each Better Business Bureau was assigned the job of spearheading a movement for improvements in advertising in its locality. The BBB persuades advertisers to discard questionable modes and practices of advertising. It maintains a register of consumer complaints. The Better Business Bureaus are interested in people operating advertising agencies. These Better Business Bureaus were reorganized under the Council of Better Business Bureaus (CBBB) in 1970. The CBBB achieved prominence for national advertising regulation. This council performs nation-wide activities. It consists of eight members drawn from leading advertising agencies. The local Better Business Bureau has three divisions,-merchandise division, financial division and solicitation division. They see to it that no false or misleading copy, layout, etc. is employed in advertising.

The CBBB has a wing known as National Advertising Division (NAD) composed of knowledgeable individuals from the local bureaus. The NAD evaluates the reports of the CBBB. The reports of CBBB are prepared in the light of the recommendations of the local people. The NAD asks the advertiser to submit the logic and rationale of his challenged advertisements. After evaluating the reports of the CBBB and the claims of the advertiser, the NAD may dismiss the complaint on the ground that the advertiser's claims are correct and substantial. The complaints may be accepted by the NAD, and it may direct the advertiser to modify the challenged advertising. If the advertiser does not comply with the direction of the CBBB, its point of view and the complaints of the public are forwarded to the National Advertising Review Board. If the advertiser does not accept the verdict of the NARB, his case is forwarded to the Federation of Trade Commissions or to the Federal Communication Commission.

The National Advertising Review Board started its functions in 1971 in the USA. It has 50 member-forty representing advertising agencies and ten representing the public Complaints about any advertisement are made to this Board through the National Advertising Division (NAD) which receives complains from the public, the industry, business and other sources. The NAD suggests appropriate changes in the advertisement. If the advertiser does not change the message and continues to advertise, the complaint is forwarded to the National Advertising Review Board. The NARB appoints a five-member panel composed of three representatives of advertisers, one agency person and one public representative to review the complains forwarded by the NAD and the stand taken by the advertiser. If the panel upholds the decision of the NAD, it calls upon the advertiser to modify or withdraw the advertisement. The NARB publishes the complaints if the advertiser does not accept the suggestion of the NARB. As a final step, the case be referred to a government authority for appropriate action against the defaulting advertiser. The local Better Business Bureaus, too, have been approaching the NARB for the settlement of the complaints filed by the public, The NARB has special cells to hear the complains of children, women, minorities and other sections of society. The NARB bas reported many cases to the Federal Trade Commission (FTC) for final settlement. The FTC can call for suitable correction of misleading or incorrect advertisements.

Self-Regulation by Media

The media people can reject any advertisement if they consider that it is misleading and incorrect. The objectionable advertisements are not published or viewed or advertised by the media. Television in India and France is quite selective in accepting a particular message or mode of advertising. Television and radio are more concerned about the content of advertisements than the print media.

Television does not accept bait advertising, advertisement bearing on sexual themes and representations of certain professions. The time allotted to advertisers is restricted by television and radio. Many newspapers do not accept objectionable advertisements. They are famous for refusing to publish such advertisements. Sex selling, patent medicines with high alcohol content, etc., are frowned upon; advertisements bearing on these are not accepted by newspapers. Many magazines also impose restrictions on advertisement content.

CONTROL BY CONSUMERS

Consumers have started exercising control over misleading advertisements since the latter part of the nineteenth century. They exert control in different forms: direct and indirect, formal and informal, short as well as long-range. They have devastating power to accept or boycott the product, which they do through consumer groups, through businessmen and through a law-enforcing authority. We have discussed the control by businessmen.

CONTROL BY GOVERNMENT

Control by the government is felt to be necessary to check deceptive, misleading, highly competitive and immoral advertising. The government is after all responsible to see to it that there is no undesirable advertising. It has the power to control it. It should exercise this power to protect the interests of consumers, small businesses and other sections of society and to ensure that there is no deceptive and misleading advertising. The content of advertisements has to be regulated by the Government. In India, regulations concerning advertising are limited. Only the public laws and Sale of Goods Act are employed to control advertising. The Penal Code and the Criminal Procedure Code have been used against deceivers and lawbreakers. The Consumers' Protection Act and other relevant laws have been enacted to control objectionable advertising. Advertising has become an integral

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part of life and has lasting effects on society. It has to demonstrate greater social responsibility. Its manipulative and undesirable activities have to be controlled. Truthful advertising leads to consumer satisfaction. It is true that very few advertisers resort to deceptive advertising. They compete with others on the basis of dishonest presentation. Therefore, the government has enacted several laws. The USA has been very active in this field. The Indian Government too has enacted some laws to protect the interests of consumers, honest advertisers, producers and traders. In the USA such legislation has been enacted by the federal government, state governments, and municipalities.

Growth of Consumerism:

The term "consumerism" refers to the resistance of consumers to misleading advertising, sales techniques and products. The development of consumer power took place in the USA between 1889 and 1925 when consumers developed their strength and realized the need for resisting misleading and unrealistic advertising. Women's organizations developed to resist "black" sales. In India, consumer power developed during the Swadeshi Andolan in 1922, which continued till 1950. The second period of growth of consumerism was between l926 and 1959 in the USA" Many books, articles and seminars were held on consumerism. Consumers' Union, Drug Control, etc., came into being during this period. In India, the growth of consumerism took place between 1951 and 1985. The third period, i.e. the surge of modern consumerism, started in India in 1986 when various organizations developed to protect the interests of the consumer. The consumers' Safety Act was enacted in 1989. In America, consumers insisted on the right to safety, the right to be informed, the right to choose and the right to be heard. Many books on consumerism were written, which brought pressure to bear on manufacturers and

traders so that there might be the right type of packaging, true labeling, truth in credit and substantiation of claims of deceptive products. In India, many voluntary organizations were formed to protect the interests of consumers. The misleading activities of advertisers were brought to the notice of the public. The government was apprised of the widespread practice of adulteration. Consumerism in India developed rapidly. Women's organizations have become very active in India to educate people about misleading advertising and products. There has been a great pressure on the government to enact suitable legislation to protect the interests of consumers. Advertising is criticized vehemently. The present laws in India may not be very useful unless consumers are educated and motivated to protect their interests. Consumerism in India has to be developed rapidly. The present state of consumerism in India is worse than it is in the USA. In America a tax was levied on advertising, to restrict the putting up of billboards along highways and to create a sense of purpose among consumers. The reasons for the growth of consumerism are technological development, water and air pollution, soaring prices, heavy taxes and other economic factors. Education and social consciousness have motivated people to safeguard their interests. In the Indian context, consumer protests have to be developed on a large scale.

Consumerism has a direct as well as indirect impact on advertising. If advertisers get the feedback that their presentation and announcements have been resisted by people, they would avoid misleading advertising. If they do not, their image would be tarnished. Advertisers have to evaluate the end results of their advertisements. Pre-assessment and evaluation will avoid unnecessary expenses on advertising. Therefore, advertisers should not feel that consumers are adversaries. They are, in fact, true guides for the success of advertising. Consumerism gives a boost to government control. The advertising research will not be required if

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consumer organizations provided adequate information and feedback on advertising. There-fore, consumers now receive the cooperation and assistance of many sound advertising agencies. Advertisers look upon their reactions as clues to the need for further development.

Advertising in the international market place

The top world-wide markets began spending more then 50 percent of their advertising dollars outside the United States in the early 1990s. The non-U.S. gross income of the top 500 agencies reached $9 billion as the twentieth century drew to a close. Of the top 25 agencies, more than half are headquartered in the United States, with the remainder in Great Britain or Japan. The following discussion would explore the evolution of advertising from a local venture to a global one.

EVOLUTION OF GLOBAL MARKETING

➢ Generally markets are composed of local, regional, and international brand. A local brand is one marketed in a single country. A regional brand is one marketed throughout a region (for example, North America or Europe). An international brand is available virtually everywhere in the world. Marketing emerged when the emphasis changed from importing products (tea and species, silk, gold, and silver) to exporting products. Advertising was used to introduce, explain and sell the benefits of a product especially a branded product in markets outside the home country. Advertising that promotes the same product in several countries is known as international advertising. It starts with product that begins to reach the saturation point in its home market and cannot grow faster. Recapture strategy is used either by introducing new products in its home market or expanding into foreign

markets. The following are the reasons for companies to venture outside the home market:

➢ Saturation of the home market

➢ Market research that shows market potential for products in other countries,

➢ Mergers and acquisitions with foreign businesses, and

➢ Moving into other markets to preempt development by competitors

Export

Exporting a product, requires placing the product in the distribution system of another country. The exporter typically appoints a distributor or importer, who assumes responsibility for marketing and advertising in the new country. As volume grows, the complexity of product sizes, product lines, pricing, and local adaptation increases. The exporter might send an employee to work with the importer and act as a liaison between the exporter and the importer. Some companies prefer to appoint a local distributor who knows the language and the distribution system and can therefore handle customers and the government better than a foreigner could. Starbucks, for instance, appointed a local distributor in several Asian countries, including Thailand. Exporting is still the first step in international marketing. For example, 2 years ago Brazil-based chocolate manufacturer Garoto (which means "boy" in Portuguese) decided to export to other Latin American countries. Even though only $25 million of Garoto's $592 million sales come from exports, the company is already Latin America's biggest chocolate exporter. Although sales outside Latin America aren't big enough to merit media advertising beyond the region, Garoto does participate in promotional opportunities such as major food fairs. International marketing and advertising is not the exclusive province of large companies.

Nationalization and Regionalization

If the sales grow in export markets, the exporter may send a manager to work in the importer's organization or to supervise the importer. That manager typically must secure approval of plans, obtain funds for operations, and defend sales forecasts to a company management that is concerned chiefly with its domestic market.

If sales grow even further, the exporter may want greater control or a larger profit share and may either buy back the importer's rights and handle distribution or set up assembly (or manufacturing) facilities in the importing country. That is, management and manufacturing get transferred from the home country to the foreign one At this point, key marketing decisions focus on acquiring or introducing products specifically for the local market. For example, BMW set up a U.S. manufacturing plant to build American versions of its German cars. Once the exporter becomes nationalized in several countries in a regional bloc, the company establishes a regional management center and transfers day-to-day management responsibilities from the home country to that office. When a company is regionalized, it may still focus on its domestic market, but international considerations become more important as that of Coca-Cola.

THE GLOBAL PERSPECTIVE

A company that has domestic operations and established regional operations in Europe, Latin America, North America, the Pacific, or elsewhere, has to ultimately decide whether it should establish a world corporate headquarters to ensure the company a truly global perspective. It means the company must internationalize the management group. Example: Unilever and Shell (both of which have twin world headquarters in the United Kingdom and the Netherlands), Arthur Andersen, IBM, Nestle and Inter public have changed to a global management structure.

Every product category can be divided into local (or national), regional (trading bloc), and international brands. International brands are those that are marketed in two or more of the four major regional market blocs: North America, Latin America, Europe, and Asia-Pacific. Although the Eastern European bloc will exist as a trading region for years, several of the westernmost countries in this group have been subsumed into the European Union, and Russia and the Asian republics of the former Soviet Union ma1 coalesce into a smaller fifth bloc. The sixth bloc-Africa, the Middle East, and Southern Asia-is so much smaller economically than the others that it is often attached to Europe or Asia-Pacific.

Global Brands

A global brand is one that has the same name, design, and creative strategy everywhere in the world and is marketed in most of the major regional market blocs. Example: Coca-Cola, McDonald's, Henkel, Rolex, Nissan, Toyota, Gillette, and Avis.

Approaches To Global Advertising

Globalization (standardization). This school of thought contends that differences between countries are more a matter of degree than direction, so advertisers must instead focus on the similarities of consumers around the world

Localization (adaptation). This school of thought argues that advertisers must consider differences among countries, including culture, stage of economic an: industrial development, stage of life cycle, media availability, research availability, and legal restrictions.

Contingency (moderate). This school of thought reasons that neither complete standardization nor compete adaptation is necessary and that a combination of the two approaches can guide advertising in multiple countries after a careful evaluation of factors that can affect the effectiveness of such advertising. Note that

most companies use the middle-of-the-road approach or lean toward localization. Starbucks uses this approach. Tea is offered in stores in the far-east, stronger coffees in Europe, and gourmet coffees in the United States. Furthermore individual elements often are standardized (product name, logo, and packaging).

No single approach is always the right one. In actuality no business has a completely global campaign. The reality of global advertising suggests that the contingency approach is best. Marketers are restricted by language, regulations, and a lack of completely global media. The challenge in advertising is the careful and sophisticated use of Kotler's "variations" nationally or regionally under a basic Levitt-style global plan to maintain efficiency.

The Global Advertising Plan

The strategic advertising plan usually is prepared in conjunction with the budget. Basically, the plan outlines the marketing strategy, whereas the budget allocates the funds. Two major approaches to advertising in foreign cultures differ in their orientation: one is market oriented and the other is culture oriented.

The Market Analysis Model

This model is based on data and observation from several countries. It recognizes the existence of local, regional, and international brands in almost every product category. The two major variables are the share of market of brands within a category and the size of the category. For example, the brand's percentage share of the category market might vary substantially in four countries:

	Country A	Country B	Country C	Country D

Global Brand	25	30	50	20
Regional Brand	60	30	10	55
Local Brand	15	40	40	25

According to this example, Country C looks very valuable for the global brand. Considering the size of the market changes the picture, however. Assume that the size of the category market in the four countries is as follows:

	Country A	Country B	Country C	Country D
Global Brand	2,00,000	1,00,000	50,000	3,00,000
Regional Brand	25,000	30,000	50,000	20,000
Local Brand	50,000	30,000	25,000	60,000

According to this market analysis, Country C actually is much less important. Half of this smaller market is already in global brands. Country D not only is a larger global brand market but also is a much larger total market. A marketing manager must look not only as share but also at market size, growth rates, and growth opportunities. For instance, cola-flavored soft drinks are not nearly as dominant in Germany as they are in the United States. To generate sales in Germany, then, a soft-drink company would have to develop orange and lemon-lime entries. McDonald's serves beer in Germany, wine in in France, a local fruit-flavored shake in Singapore and Malaysia, and even a Portuguese sausage in Hawaii, in addition to the traditional Big Macs, fish sandwiches, and French fries to cater to local tastes.

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The Culture-Oriented Model

The second model of international advertising emphasizes the cultural differences among peoples and nations. This school of thought recognizes that people worldwide share certain needs, but it also stresses the fact that these needs are met differently from culture to culture. Although the same emotions are basic to all humanity, the degree to which these emotions are expressed publicly varies. The camaraderie typical in an Australian business office would be unthinkable in Japan. The informal, first-name relationships common in North America are frowned on in Germany, where co-workers often do not use first names. Like-wise, the ways in which we categorize information and the values we attach to people, places, and things depend on the setting in which we were raised. How do cultural differences relate to advertising? According to the high-context/low-context theory, although the function of advertising is the same throughout the world, the expression of its message varies in different cultural settings. The major distinction is between high-context cultures, in which the meaning of a message can be understood only within a specific context, and low-context cultures, in which the message can be understood as an independent entity. It is observed that Japanese has the highest-context culture. This model helps explain the difficulties of advertising in other languages. The differences between Japanese and English are instructive. English is a low-context language. English words have very clearly defined meanings that are not highly dependent on the words surrounding them. In Japanese, however, a word can have multiple meanings. Listeners or readers will not understand the exact meaning of a word unless they clearly understand the preceding or following sentences, that is, the context in which the word is used. Advertising messages constructed by writers from high-context cultures might be difficult to understand in low-context cultures because they may offer too much detail to make the point

clearly. In contrast, messages authored by writers from low-context cultures may be difficult to understand in high-context cultures because they omit essential contextual detail. In discussing the Japanese way of advertising, Takashi Michioka, president of DYR, joint-venture agency of Yoirng & Rubicam and Dentsu, put it this way: In Japan, differentiation among products, does not consist of explaining with words the points of difference among competing products as in America. Differentiation is achieved by bringing out the people appearing in the commercial-the way they talk, the music, the scenery-rather than emphasizing the unique features and dissimilarities of the product itself.

Agencies have to develop techniques to advertise brands that are marketed around the world. Some agencies exercise tight control, whereas others allow more local autonomy All of these techniques fall into three groups: tight central international control, centralized resources with moderate control, and matching the client. Henkel, a large German manufacturer of household and cleaning products, provides -: example of how centralized management with similar products works. Henkel's international strategy was designed to accomplish three goals: eliminate duplication of effort among its national companies, provide central direction for new products, and achieve efficiency in advertising production and impact. It included these steps:

l. Identifying how a product fulfills a need or functions beneficially.

2. Determining the common need or product benefit for consumers in Europe or larger area.

3. Assigning that specific need or benefit to one product with one brand name.

4. Assigning that brand to one brand manager and one advertising agency to develop and market.

5. Disallowing the use of that one brand's benefit, name, or creative campaign for

any other brand in the company.

The organizational structure for managing international advertising depends heavily on the globalization-versus-localization marketing and advertising strategy. For highly globalized advertising efforts, there may be one advertising plan for each product regardless of the number of markets entered. For a product using localized advertising, there probably will be a separate advertising plan for each foreign market. For globalized advertising plans, the business is more likely to centralize the development and control of the advertising. Quaker adopted standardized advertising for Gatorade and its other international products. As a first step in implementing its pan-European approach, Quaker centralized advertising management for all of Europe. If the marketing effort, including the advertising, is more localized, then the company is likely to centralized advertising management in each individual foreign market. Colgate Palmolive Company decided to take a country-by-country approach in its advertising.

APPROACHES TO THE INTERNATIONAL ADVERTISING CAMPAIGN

'All business is local." This proverb should be modified to read 'Almost all transactions are local." Although advertising campaigns can be created for worldwide exposure, the advertising is intended to persuade a reader or listeners to do something buy, phone, and order. Even this will change as multi-national direct-mail campaigns become possible in a unified common market. Some advertisers develop tightly controlled global campaigns with minimum adaptation for local markets. Others develop local campaigns in every major market.

Centrally Controlled Campaigns

International advertising campaigns have two basic starting points: (l) success in one country and (2) a centrally conceived strategy, a need, a new product, or a directive.

A National Success Story

A successful advertising campaign, conceived for national application, is modified for use in other countries. Wrigley, Marlboro, IBM, Waterman Pen, Seiko Watches, Philips Shavers. Procter & Gamble, Ford, Hasbro and many other companies have taken successful campaigns from one country and transplanted them around the world.

Centrally Conceived Campaign

A centrally conceived campaign was pioneered by Coca-Cola and is now used increasingly in global strategies. Although the concept is simple, the application is difficult. A work team, task force or action group assembles from around the world to present, debate, modify if necessary, and agree on a basic strategy as the foundation for the campaign.

The one word theme replaced one of the most successful ad slogans in aviation history, "Fly the Friendly Skies of united."' Some circumstances require that a central strategy be imposed even if a few countries object. Cost is a huge factor. A centralized campaign could include television, radio, newspaper, magazine, Web, outdoor advertising, and collateral extensions (brochures, mailings, handouts, take-one folders, or whatever is appropriate). The team can stay together to finish the work, or it can ask the writer or campaign developer to finish pervise the completion of the entire project.

Positioning the Global Product

Research must be conducted to identify the problems and opportunities facing the product in each of the international markets to be entered. The normal approach of conducting consumer and market analysis works well for international analysis. Emphasis should be placed on identifying local market differences to which the advertising programs must adjust. The analysis portion of the advertising plan develops the information needed for positioning the product in the foreign markets. Particularly important is a good understanding of consumer buying motives in each market. This is almost impossible to develop without locally based consumer research. If analysis reveals that consumer buying behavior and the competitive environment are the same across international markets, it may be possible to use a standardized positioning in all international markets. In exploring the international marketing opportunity for Gatorade, Quaker discovered that the active, outdoor lifestyle that created demand for sports beverages was an international, not domestic phenomenon. Starbucks' consumer research suggested that perceptions of a store such as Starbucks varied from market to market. In Japan, Starbucks was positioned as a daytime meeting place for business people and an evening place for socializing. The position of Hawaiian gores was as a place to relax, any time of the day or night.

Selecting Media for International Campaigns

Advertising practitioners can debate global theories of advertising, but one fact is inescapable: Global media do not currently exist. Television can transmit the Olympics around the globe, but no one network controls this global transmission. An advertiser seeking global exposure must deal with different networks in different countries.

Media Choices

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Once the company has approved the basic global media strategy and plan the central media planner will look for regional or multinational media. If magazines are part of the plan the media buyer may purchase advertising space in Time, Newsweek' The Economist' Reader's Digest, and other magazines with international editions. The International Herald Tribune and the wall street Journal newspapers are published simultaneously in a number of major cities using satellite technology. Magazines published by international airlines for their passengers are another option Multinational satellites, such as British Satellite Broadcasting in Europe and Star in Hong Kong, also provide opportunities to place the same message before a target audience at the same time across national boundaries if the audience is targeted for a consumer product, local planning and purchase are required. This is accomplished through an international advertising agency (or international consortium of agencies) or through an international media-buying service If these two methods are not used, the media executive must execute the plan through a multitude of local, national, or regional media-buying services or advertising agencies. International media-buying services usually work effectively for smaller international companies that do not have well-developed agency relationships in each country in which they operate. Regional media-buying services, such as Carat of France, are gaining great strength in Europe.

The Global Creative Effect

Global campaigns, like domestic campaigns, require ad work that addresses the advertising objectives and reflects the product's positioning. The opportunity for standardizing the campaign exists only if the objectives and strategic position are essentially the same. The creative process requires three steps: to determine copy content, to execute the content through a central idea, and to produce the

advertising. Standardizing the copy content by translating the appeal into the language of the foreign market is fraught with possible communication blunders. It is rare to find a copywriter who is fluent in both the domestic and foreign language and familiar with the culture of the foreign market. It is best if the central creative idea is universal across markets, or at least can be converted easily from market to market. Adaptation is especially important if the advertiser wants its products identified with the local market rather than as a foreign import. Advertisements may be produced centrally, in each local market, or a combination of both. With a standardized campaign, production usually is centralized and all advertisements produced simultaneously to reap production cost savings.

SPECIAL INTERNATIONAL CONSIDERATIONS

International advertising, despite its glamorous image, is tough work because it poses formidable challenges. We have already discussed the problems that language creates. Other concerns relate to laws, customs, time, inertia, resistance, rejection, and politics.

Laws and Regulations

International advertisers do not fear actual laws; they fear not knowing those laws. For example, a marketer cannot advertise on television to children under l2 in Sweden or Germany cannot advertise a restaurant chain in France, and cannot advertise at all on Sunday in Austria. In Malaysia jeans are considered to be Western and decadent, and are prohibited. A commercial can be aired in Australia only if it is shot with an Australian crew. A contest or promotion might be successful in one country and illegal in another.

Customs and Culture

Customs can be even stronger than laws. When advertising to children age 12 and over was approved in Germany, local custom was so strong that companies risked customer revolt by continuing to advertise. In many countries, naming a competitor is considered bad form Customs are often more subtle and, as a result, are easier to violate than laws. Quoting an obscure writer or poet would be risky in the United States, whose citizens would not respond to the unknown author. In Japan the audience would respect the advertiser for using the name or become embarrassed at not knowing a name they were expected to recognize. A campaign that made such a reference might irritate U.S. audiences and engage Japanese consumers. Companies that are starting to do business in the Middle East have to learn new selling methods because the region is so devoutly religious. For example, there are major restrictions on how women are presented in advertising. Many Asian cultures emphasize relationships and context. To be effective, the advertising message must recognize this cultural difference. Many oppose the move to a global perspective because of concerns about the homogenizing of cultural differences. Marketing or cultural imperialism is a term used to describe what happens when Western culture is imposed on others, particularly cultures such as the Middle Eastern, Asian, and African cultures that are considerably different. Countries in Southeast Asia have advertising codes. Singapore has an ad code deter-mined to prevent Western-influenced advertising from impairing Asian family values. Malaysia requires that all ads be produced in the country, which cuts back dramatically on the number of foreign ads seen by its public.

Time

Everything takes longer internationally--count on it. The New York business day overlaps for only 3 hours with the business day in London, for 2 hours with most of Europe, and for I hour with Greece. Normal New York business hours do

not overlap at all with those in Japan, Hong Kong, the Middle East, or Australia. Overnight parcel service is dependable to most of Europe, and other regions, if the planes are able to take off and land. For these reasons e-mail that permits electronic file transfer and telecopy transmission are popular modes for international communication. E-mail and fax numbers have become as universal as telephone numbers on stationery and business cards in international companies.

Time is an enemy in other ways. France and Spain virtually close down in August for vacation. National holidays are also a problem. U.S. Corporation's average l4 to l5 paid legal holidays a year. The number is more than 20 in Europe, with more than 30 in ltaly.

Inertia, Resistance, Rejection, and Politics

Inertia, resistance, rejection and politics are sometimes lumped together as "not invented here" situations. Advertising is a medium for change, and change may frighten people. Every new campaign is a change. A highly successful campaign from one country might or might not be successful in another country. (Experience suggests that the success rate in moving a winning campaign to another country is about 60 percent.) Creative directors often resist advertising that arrives from a distant headquarters rather than advertising created within the local agency. This resistance is partially the result of a very real problem in local offices of international agencies: an inability to develop a good creative team or a strong creative reputation when most of the advertising emanating from the office originates elsewhere.

Government approval of television commercials can also be difficult to secure in some countries. Standards may seem to be applied more strictly to international than to national products. Flat rejection or rejection by delay or lack of support must be anticipated with every global strategy and global campaign. The

best solution is to test two ads that are both based on the global pattern advertising: a locally produced version of the advertising and an original ad. As mentioned, the global strategy usually works 60 percent of the time. If the locally produced advertising of the global strategy wins, the victory must be decisive or the costs of the variation may not be affordable. Global companies must remain flexible enough to adopt the strategy that emerges as the winner.

At times the resistance and rejection are political. These may be the result of office politics or an extension of international politics. Trying to sell a U.S. campaign in a foreign country can be difficult if relations between the two nations are strained. To overcome local resistance and build consensus companies should have frequent regional and world conferences, maintain a constant flow of communication, transfer executives, and keep their executives well informed through travel, videotapes, e-mail, teleconferences and consultation.

THE INTEGRATED MARKETING COMMUNICATION

Integrated marketing communication (IMC) is the practice of unifying all marketing communication tools and corporate and brand messages to communicate in a consistent way to and with stakeholder audiences (that is, those who have a stake or interest in the corporation). An IMC campaign plan is even more complex than a traditional advertising plan because it considers more message sources, more communication tools, and more audiences. IMC programs are designed to coordinate all the various communication messages and sources.

We can group these messages as planned (or controlled) messages by the company and unplanned (or uncontrolled) messages. In addition, unconsidered messages-those delivered by other aspects of the marketing mix (price, product, and distribution) and other contact points (such as the appearance of the parking lot outside the store)-communicate important information to stakeholders that can negate the advertising.

The Tools of IMC

The tools used in an IMC campaign include traditional marketing communication tools such as advertising and sales promotion. However, the IMC approach recognizes that other areas of the marketing mix too. The price of the product signals a level of quality. The cleanliness of the store and helpfulness of the customer service department send powerful messages. The product's reliability also communicates. IMC planners should consider all message sources and marketing communications that reach stakeholder audiences.

Stakeholder Audience

In addition to managing the total communication program, IMC campaigns also address a wide variety or stakeholder, all of whom have a different stake or interest in a company and its brand messages. The different stakeholder audiences are as follows:

Corporate Level

- o Employees
- o Investors
- o Financial Community
- o Government Regulators

Marketing Level

- o Consumers

- o Target markets
- o Retailers
- o Distributors
- o Competition
- o Suppliers
- o Vendors

Marketing Communication Level
- o Consumers
- o Target audiences
- o Trade audiences
- o Local community
- o Media
- o Interest groups
- o Activist groups
- o General Public

Why is IMC concerned with all these audiences? The support (or lack of it) that each stakeholder group gives to the company can affect that company's brands positively or negatively. Maintaining consistent communications from all message sources to stakeholders is particularly difficult. It works only if a company or brand has a focused business philosophy or mission, clearly understood core values, and a strong corporate culture. Even though different areas of the company may be sending messages, the person the receiving end is an individual who has to make sense of all the messages, impressions and experiences. As IMC experts Don Schultz, Starley Tannenbaum, and Robert Lauterborn explain, IMC realigns marketing communication "to look at it the way the consumer sees it as a flow of

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information from indistinguishable sources. If the messages don't reflect some central core values and deliver a consistent image, they may conflict and ate confusion.

Coordination

Coordinating all these messages is an organizational problem best solved through cross- functional management which means using teams of people who are from different parts of the company, outside agencies, or both. These teams manage the planning process and monitor the way the plan is implemented. Cross-functional management may even mean getting different agencies together who are producing the marketing communication.

The Structure of A Campaign Plan

A campaign, whether advertising or IMC, is a complex set of interlocking, coordinated activities. A campaign results from a comprehensive plan for a series of different but related marketing communication efforts that appear in different media and marketing communication areas across a specified time period. The campaign is designed strategically to meet a set of objectives and to solve some critical problem. It is short-term plans that usually run for a year or less. Many advertisements are single-shot ads. In other words, they are free-standing ad unrelated to ads that preceded or followed them. Companies that create one ad at a time and constantly change the core message are not involved in a campaign process. However, a great deal of national advertising is developed as part of a campaign with an umbrella theme that extends across time, different stakeholder audiences, and different advertising vehicles or marketing communication opportunities. A campaign may focus or one specific product attribute or one audience, or it may cover a variety of attributes and reach all the audiences. A campaign plan summarizes the marketplace

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situation, the underlying campaign strategy, the main creative strategies and tactics, media, and the other marketing communication.

The following table gives a bird's eye view of various elements involved in IMC campaign.

I Situation Analysis

- Product and company research
- Consumer and stakeholder research
- Market analysis
- Competitive situation
- Industry analysis
- Marketplace analysis

II SWOT Analysis

- Internal factors: strengths and weaknesses
- External factors: opportunities and threats
- Problem identification

III Campaign strategy

- Objectives
- Targeting
- Positioning
- Scheduling strategy

IV Communication strategy

- Message development research
- The creative theme
- Creative tactics and executions

V   Media plan

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VI   Other Marketing communication activities

VII   The appropriation and budget

Situation Analysis

The first step in campaign plans is a situation analysis that summarizes all the relevant information available about the product, the company, the competitive environment, the industry, and the consumers. Sometimes called a business review, this information is obtained using primary and secondary research techniques. The six most important research areas are

- ➢ product and company research,
- ➢ consumer and stakeholder research
- ➢ market analysis,
- ➢ competitive analysis,
- ➢ industry analysis, and
- ➢ market place analysis.

SWOT Analysis

Situation analysis evaluates the significance of the research. During the situation analysis planners compile all the information they can about the brand and its competitive situation, marketplace factors such as the health of the category, and the behavior of consumers toward this brand and some recast this information in terms of internal factors (strengths and weaknesses) and external factors (opportunities and threats). Once the information is gathered and sorted into SWOT categories, the analysis begins. In this stage, the key areas on which the campaign strategy has to be built are identified. Problem Identification focuses on a set of serious communication problems that this campaign must address. These problems differ from year to year and situation to situation. For example in one year's

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marketing plan, a brand may be launching a line extension, which means the advertising will address the problem of launching a new product under a familiar brand name. The next year the marketing plan may focus on increasing distribution, so the advertising probably address opening up new territories where the brand is unknown. Each type of problem calls for a different advertising and marketing communication strategy. Different audiences are reached with different messages; different marketing communication tools may be used: and different communication objectives are set.

Campaign Strategy

After the situation analysis and the SWOT analysis, most advertising campaign plan focus on the key strategic decisions that will guide the campaign. The strategy section of a campaign plan identifies the objectives that will solve the key problems identified at the end of the SWOT analysis. It will also specify the target stakeholder audiences and how the strategy will handle competitive advantage and the product's position. Other strategic decisions revolve around the scheduling and timing of the different phases of the campaign act.

Objectives

As objectives provide the goal, they can then be used at the end of the process to measure the campaign's results. These objectives are established based on an understanding the hierarchy of effects and the various ways advertising can affect its audience.

Targeting

Potential target markets are pinpointed and segmented into groups identified by certain demographic or psychographic characteristics, such as environmentalists, bike riders, or mall teens. These target audiences (that is, groups of people to whom a marketing communication message is directed) shift with each campaign, its

situation, key problems, and objectives. For example, if you are launching a line extension, you will probably target current users of the brand. However, if you are opening up new territory there aren't current users, so you will have to target competitors' users. For both audiences, however, the objective may remain the same, which is to convince the target audiences to try a new product.

Positioning

Although objectives and targeting differ from campaign to campaign, the product's positioning remains the same. Does the position mean the same thing to familiar brand users considering a new line extension? What would it mean to entirely new users in a new market territory who are un-familiar with the brand? They may not respond to the position in the same way, which means that the way the position is presented in the message strategy may need to be adjusted to the target audience's needs, interests, and level of knowledge.

Scheduling

Timing and scheduling are an important part of the media plan and are also tied into the over-all campaign strategy. Many campaigns have phases, such as the launch, the continuing campaign, and the close. In some cases, particularly with campaigns that continue for a number of years, such as the classic "Milk Mustache" campaign, the campaign may be launched with one strategy that evolves into another strategy as the campaign matures.

Media Plan

The media plan and the creative plan are equally important and are developed simultaneously. The overall appropriation, or available money for the campaign, determines the media. Initial decisions about which media to use usually reflect the availability of a budget big enough to use television, which is the most

costly of all media. The media mix is created by selecting the best combination of media vehicle traditional media, and marketing communication tools to reach the targeted stakeholder audiences. If a product has an awareness problem, widespread mass media will probably used to increase the general level of awareness. If the problem is one of trial, Sales promotion may be the most important tool. However, if the product only appeals to a small target such as martial arts clothes for aikido devotees, direct mail (assuming, of course, that " –can find a list or build one) and the Internet may be more effective ways to reach that target. In fact, although there may be a lead tool, such as advertising, often a mix of supporting media is used to reach different stakeholder groups. Media planners allocate media dollars to accomplish reach and frequency objectives. In a high-reach campaign, money is spent to get the message to as many people as possible. In a high-frequency campaign, the money is spent on fewer media reaching fewer people, but repetition of the message is increased. The media plan includes media objectives (reach and frequency), media strategies (targeting, continuity, timing), media selection (the specific vehicles), geographic strategies, schedules, and the media budget. Usually a pie chart is used to show how the budget is allocated to the various media activities.

Other Marketing Communication Activities

The decision about which tools to use is based on an analysis of the strengths and weaknesses of the various marketing communication tools. The tools are then matched to the problem identified in the situation analysis. In other words, which area can best reach a mass audience (advertising), involve an audience (events), or build credibility and believability (public relations)? This is a process called zero-based planning. Subsections of the plan are devoted to these other

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important marketing communication areas. A competitive sales campaign targeted business owners and managers during competitors' sales canvassing periods.

The Appropriation and Budget

The amount of money available from the client, or advertiser, governs all strategic decisions. Some sense of the amount of money that has been appropriated for the campaign is used at the beginning of the planning to determine the general scope and scale of the campaign effort. Then, after the plan has been developed, a budget is developed that costs out the various recommendations. If this budget is much higher than the appropriation, either costs have to be shaved or the appropriation has to increase. The budget size for advertising and marketing communication programs has a tremendous range. If you are working on a campaign for a major marketer, you may have plenty of money {or the most expensive form of television advertising. Most campaigns are somewhere in between and their planners rarely have as much money as they feel they need to do the job right. Once the appropriation is set, the money can be allocated among the various advertising and marketing communication activities.

Evaluating the Campaign Plan

The final step in campaign plan is to prepare a proposal stating how the campaign will be evaluated. The key part of an evaluation plan is to measure a company or brand's effectiveness against its stated objectives. If not done formally through a research project, some sort of evaluation is always done informally to determine whether the effort was successful. This information is concerned with questions of effectiveness: Is the campaign working? What were the results? It is also concerned with questions of taste and judgment. Is the campaign fair and accurate? Is it building the brand or corporate reputation?

Questions:

1. What is Advertising Effectiveness?
2. Explain the objectives of measuring advertising effectiveness
3. Explain the process of measuring advertising effectiveness
4. What is global brand?
5. Explain the market analysis model for international advertising.
6. Explain various approaches to the International advertising campaign.
7. What is called Integrated Marketing Communication?
8. Explain the tools of Integrated Marketing Communication.
9. Explain and elaborate the structure of a campaign plan.
10. What is global creative effect?

Books for further study:

4. Wright, Winter & Zeigler – Advertising ; Tata McGraw Hill

5. J. V. Vilanilam & A. K. Varghese – Advertising Basics – A Resource Guide for Beginners: Response Books, Sage Publications.

UNIT – 5   Sales Promotion And Brand Equity

UNIT OUTLINE

- ❖ Sales Promotion
- ❖ Consumer and Trade Promotion
- ❖ Sales Promotion Strategies & Practices
- ❖ Brand Equity Concepts
- ❖ Building, Measuring and Managing Brand equity
- ❖ Advertising & Sales promotion
- ❖ Brand values for Business and non-business organisation

Learning Objectives

After reading this unit you should be able to :

- ➢ Understand the meaning and rationale of sale promotion

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- ➢ Know the types of sales promotion tools
- ➢ Identify the strategies and practices of sales promotion
- ➢ Know the meaning of Brand equity
- ➢ Examine the method of building, measuring & managing brand equity
- ➢ Link advertising and sales promotion to achieve brand standing
- ➢ Know the role of brand values for Business and non-business organisation.

UNIT – v

LESSON – 1

SALES PROMOTION

LESSON – 1

Sales Promotion

Introduction

Sales promotion is one of the most loosely used terms in the marketing vocabulary. We define sales promotion as demand. Stimulating devices designed to

supplement advertising and facilitate personal selling. In other words, sales promotion signifies all those activities that supplement, co-ordinate and make the efforts of personal selling and advertising more effective. It is non recurrent in nature which means it can't be used continuously.

Concept of Sales Promotion

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Where as advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager's responsibility to specify promotion objectives and policies.

Definitions of Sales Promotion

According to American Marketing Association " Those marketing activities other than personal selling advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions,

demonstrations and various non-recurrent selling efforts not in the ordinary routine."

W.J. Stanton defines sales promotion as all those activities other than advertising, personal selling, public relations and publicity that are intended to stimulate customer demand and improve the marketing performance of sellers.

Purpose of sales Promotion

Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, while a free management advisory service cements a long-term relationship with a retailer.

From the marketer's perspective, sales promotion serves three essential roles it informs, persuades and reminds prospective and current customers and other selected audiences about a company and its products. The relative importance of those roles varies according to the circumstances faced by a firm.

The most useful product or brand will be a failure if no one knows it is available! Because distribution channels are often long, a product may pass through many lands between a producer and consumers. Therefore, a producer must inform middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn must inform retailers and retailers must inform consumers. As the number of potential customers grows and the geographic dimensions of a market expand, the problems and costs of informing the market increase.

Another purpose of sales promotion is persuasion. The intense competition among different industries, puts tremendous pressure on the promotional programmes of sellers. In India, even a product designed to satisfy a basic physiological need requires strong persuasive promotion, because consumers have many alternatives to choose from. In the case of luxury product, for which sales depend on the ability to convince consumers that the products benefits exceed those of other luxuries, persuasion is even more important.

Consumers also must be reminded about a product's availability and its potential to satisfy. sellers bombard the market place units hundreds of messages every day in the hope of attracting new consumers and establishing markets for new products.   Given the intense competition for consumers' attention, even an established firm must constantly remind people about its brand to retain a place in their minds. Much of a firm's sales promotion may be intended simply to offset competitors marketing activity by keeping its brand in front of the market.

Objectives of Sales Promotion
The basic objectives of sales promotion are:

i)   **To introduce new products**
        To induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.

ii)   **To attract new customers**

New customers may be attracted through issue of free samples, premiums, contests and similar devices.

iii) To induce present customers to buy more

Present customers may be induced to buy more by knowing more about a product, its ingredients and uses.

iv) To help firm remain competitive

Sales promotions may be undertaken to meet competition from a firm.

v) To increase sales in off season

Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.

vi) To increase the inventories of business buyers

Retailers may be induced to keep in stock more units of a product so that more sales can be effected.

Rationale of sales promotion

Rationale of sales promotion may be analysed under the following points.

➢ **Short-term results**

Sales promotion such as coupons and trade allowances produce quicker, more measurable sales results. However critics of this strategy argue that these immediate benefits come at the expense of building brand equity. They believe that an over emphasize on sales promotion may under mine a brand's future.

> **Competitive Pressure**

If competitors offer buyers price reductions, contest or other incentives, a firm may feel forced to retaliate with its own sales promotions.

> **Buyers' expectations**

Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.

> **Low quality of retail selling**

Many retailers use inadequately trained sales clerks or have switched to self service. For these outlets, sales promotion devices such as product displays and samples often are the only effective promotional tools available at the point of purchase.

Types of Sales Promotion

In using sales promotion, a company must fulfill the objectives of the organization. Sales promotion objectives are derived from broader promotion objectives, which are derived from more basic marketing objectives developed for the product. The specific objectives set for sales promotion will vary with the type of target market.

For consumers, objectives include encouraging purchase of larger-size units, building trial among non users and attracting switches away from competitors' brands. For retailers objectives include inducing retailers to carry new items and

higher levels of inventory, encouraging off-season buying, encouraging, stocking of related items, off setting competitive promotions, building brand loyalty of retailers and gaining entry into new retail outlets. For sales force, objectives include encouraging support of a new product or model, encouraging more prospecting and stimulating off-season sales.

Many sales promotion tools are available to accomplish these objectives at the consumer level, and at the middle men level. For the purpose of convenience, the types of sales promotion methods may be grouped under three categories:

1. Types of sales promotion directed at consumers.
2. Types of sales promotion directed at dealers and distributors.

Consumer Promotion Tools

The main consumer promotion tools include samples, coupons, cash refund offers, price packs, premiums, prizes, patronage rewards, free trials, product warranties, tie-ins, and point of purchase displays and demonstrations.

➢ Samples

Samples are offers of a free amount or trial of a product to consumers. The sample might be delivered door to door sent in the mail, picked up in a store, found attached to another product or featured in an advertising offer. Sampling is the most effective and most expensive way to introduce a new product.

➢ Coupons

Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Coupons can be mailed, enclosed in or on other products or inserted in magazine and newspaper advertisements. Coupons can be effective in stimulating sales of a mature brand and inducing early trial of a new brand.

➢ Cash Refund Offers or Rebates

These are like coupons except that the price reduction occurs after the purchase rather than at the retail shop. The consumer sends a specified "proof of purchase" to the manufacturer, who in turn 'refunds' part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for packaged goods.

➢ Price Packs

These are offers to consumers of savings off the regular price of a product, flagged on the label or package. They may take the form or a reduced-price pack which is single packages sold at a reduced price (such as two for the price of one) or a banded pack, which is two related products banded together (such as a tooth brush and tooth paste). Price packs are very effective in stimulating short term sales, even more than coupons.

➢ Premiums or Gifts

These are merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. Sometimes the package itself, is a reusable

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container may serve as a premium. A self-liquidating premium is an item sold below its normal retail price to consumers who request it.

➢ Prizes

These are offers of the chance to win cash, trips or merchandise as a result of purchasing something. Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television. Sometimes the prize is a person, offering the winner either cash or dinner with actor Sharuk Khan.

➢ Patronage Awards

These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer "frequent flyer plans" providing points for miles traveled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage. Le Meridian adopted an "honoured guest" plan that awards points for users of their hotels.

➢ Free Trials

Free trails consist of inviting prospective purchasers to try the product without cost in the hope that they will buy the product. Thus, often we see, auto dealers encourage free test drives to stimulate purchase interest.

➢ Product Warranties

These are an important tool, especially as consumers become more quality sensitive. When My TVS offered a two year car warranty, substantially longer than other competitors' customers took notice. They inferred that My TVS quality must

be good or else the company would be in deep trouble. Companies must carefully estimate the sales-generating value against the potential costs of any proposed warranty programme.

➢ Tie-in Promotions

These are becoming increasingly popular. In a tie in promotion two or more brands or companies team up on coupons, refunds and contests to increase their pulling power. Companies pool funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad space.

➢ Point-of-Purchase Displays

These take place at the point of purchase or sale. Display of visible mark or product at the entrance of the store is an example. Unfortunately many retailers do not like to handle the hundreds of displays, signs and posters they receive from manufacturers. Hindustan Lever often use this tool to promote its products in the retail market.

➢ Product Demonstrations

Products are being shown in action. Consumers can visit the store and see the usage of product in live action so that doubts of the consumers can be clarified in the store itself. When a new product is introduced in the market, the sales promotional tool is often used. For example ultra modern grinder mixie being used by the company to demonstrate its speciality than the other product.

Trade Promotion Tools

More sales promotion rupees are directed to the trade than to consumers. Manufacturers seek the following objectives in awarding money to the trade:

i. Trade promotion can persuade the retailer or wholesaler to carry the brand.

ii. Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.

iii. Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.

iv. Trade promotion can stimulate retailers and their sales clerks to push the product.

Manufacturers use several promotion tools. Some of which are mentioned below:

➢ Price – Off

Manufacturers may offer a price – off, which is straight discount off the list price on each case purchased during a stated period of time. The offer encourages dealers to buy a quantity or carry a new item that they might not ordinarily buy. The dealers can use the buying allowance for immediate profit or price reductions.

➢ Allowance

Manufacturers may offer an allowance in return for the retailer's agreeing to feature the manufacturer's products in some way. An advertising allowance compensates retailers for advertising the manufacturer's product. A display allowance compensates them for carrying a special display of the product.

➢ Free Goods

Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.

➢ Push Money

Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer's goods.

➢ Speciality Advertising Items

Manufacturers may offer free specialty advertising items to the retailers that carry the company's name such as pens, pencil, calendars, paper weights, and memo pads.

As the number of competitive sales promotions have increased, friction has been created between the company's sales force and its brand managers. The sales force says that the retailers will not keep products on the shelf unless they receive more trade promotion money, while the brand managers want to spend their funds on consumer promotion and advertising.

<u>**Lesson – 2**</u>

<u>**Sales Promotion Strategies and Practices**</u>

The sales promotion strategy is an important element in overall marketing strategy. Sales promotion strategy involves identification of objectives, effective communication for attracting attention, allocation of budget, determining the correct promotional mix, introduction of strategic approach and finally evaluation. We shall study about each one of them briefly here.

1.   Objectives

The marketer should determine his sales promotion objectives. He should determine what is to be accomplished and what kind of buyer responses are desired. Sales promotion tasks should be objective oriented. These tasks are informing,

persuading and reminding the customers about the products. The sales manager should inform consumers about his product and should highlight its special features. He has not only to inform the customers but persuade them to buy it.

2. Communication

Sales promotion should attract the attention of the target audience. If the prices, discounts, off season facilities etc, are not adequately and effectively communicated, the effort of sales promotion would be wasted. A point to be noted here is that the audience evaluates not only the message but also the source of the message in terms of its credibility. The purpose of communication is to persuade potential customers to purchase the product.

The sales manager determines the message to be aimed at the target market to gain product acceptance. The overall marketing objectives define the role of communication in sales promotion. Identifying the target audience is the main task of a sales promotion communication. The audiences response to the message source helps determine the effectiveness of the message.

3. Medium of Reach

Sales promotion may adopt different methods for approaching people. Strategic variables are taken into account while deciding a particular method of sales promotion. Consumer promotion has been considered a very effective mode of sales promotion; potential consumers are offered samples, coupons, etc; to promote sales. The point of purchase display is a silent strategy to trigger off buying decisions. Retailers rely on in-stone displays to familiarize customers with their product. A showroom display makes it easy for prospective buyers to familiarize themselves with the different features of the product.

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Trade promotion through buying allowance, free goods, merchandise allowances, push money etc; help to enhance sales by retailers and traders. Packaging is another important form of promotion, particularly for consumer goods. It may carry selling messages and information about the product. A good package design attracts the shopper's attention away from other products. It is a proper of blend of colour, design and shape.

The following chart shows major sales promotion devices, grouped by Target Audience.

Business users or Households	**Middlemen and their Sales Forces**
Coupons	Free goods
Cash rebates	Advertising allowances
Premiums (Gifts)	Contests for sales people
Free samples	Product demonstrations
Contests	Trade shows
Point of purchase displays	Exhibitions
Product demonstrations	Advertising specialties
Trade shows and exhibitions	Point-of-purchase displays
Advertising specialties	Training sales forces

4.   Budget

One of the most difficult marketing decisions facing companies is how much to spend on promotion. It is not surprising that industries and companies vary considerably in how much they spend on promotion. It is important to determine sales promotion budgets before resorting to sales promotion activities. The resources and sales potentials are estimated before the formulation of budgets. Sales promotion budgets should be adequate so that they achieve the promotion objective.

❖ **Affordable method**

Many companies set the promotion budget at what they think the company afford. This method of setting budgets completely ignores the role of promotion as an investment and the immediate impact of promotion on sales volume. It leads to an uncertain annual promotion budget, which makes long range market planning difficult.

❖ **Percentage of sales method**

Many companies set their promotion expenditures at a specified percentage of sales or of the sales price. Automobile companies typically budget a fixed percentage for promotion based on the planned can price. A number of advantages are claimed for this method.

(i)   the percentage-of-sales method means that promotion expenditures are likely to vary with what the company can afford – which satisfies the financial managers, who feel that expenses should bear a close relation to the movement of corporate sales over the business cycle.

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(ii)   this method encourages management to think in terms of the relationship between promotion cost, selling price and profit per unit.

The major drawback of this method is that it does not provide a logical basis for choosing the specific percentage except what has been done in the past or what competitors are doing. It also does not encourage building up the promotion budget by determining what each product and territory deserves.

❖ **Competitive – Parity Method**

Some companies set their promotion budget to achieve share-of-wice parity with their competitors. Two arguments are advanced for this method. One is that the competitors' expenditures represent the collective wisdom of the industry. The other is that maintaining a competitive parity helps prevent promotion wars.

There are no grounds for believing that the competition knows better than the company itself what it should be spending on promotion. Company reputations, resources, opportunities, and objectives differ so much that their promotion budgets are hardly a guide. Further more, there is no evidence that budgets based on competitive parity discourage promotional wars from breaking out.

❖ **Objective-and-Task-Method**

The objective-and-task method calls upon marketers to develop their promotion budgets by defining their specific objectives, determining the tasks that must be performed to achieve these objectives and estimating the costs of performing these tasks. This method has the advantage of requiring management to

spell out its assumptions about the relationship between rupees spent, exposure levels, trial rates and regular usage.

5. Promotional Mix

Companies face the task of distributing the total promotion budget over the four promotion tools of advertising, sales promotion, publicity and sales force. With in the same industry, companies can differ considerably in how they allocate their promotional budget.

Companies are always searching for ways to gain efficiency by substituting one promotional tool for another as its economics become more favourable. Many companies have replaced some field sales activity with ads, direct mail and telemarketing. Other companies have increased their sales promotion expenditures in relation to advertising, to gain quicker sales.

The trial and error method, past performance and corporate policies may influence the appropriate promotional mix. Many firms have increased their sales with the application of appropriate combinations of the promotion media, sales promotion and personal selling are supported with publicity. The promotion mix is a variable in the marketing strategy. It should be clearly decided how fare a particular element should be used in combination with other promotional methods.

6. Strategic Approach

The kind of promotional mix employed determines the promotional strategy. Generally speaking a particular combination, type or amount of sales promotion, personal selling, publicity and advertising are brought into the promotional mix,

which becomes the promotional strategy in the course of implementation. The marketing strategy as much guides the determination of the promotional strategy, which may be divided into sale promotion strategy, personal selling strategy, publicity strategy and advertising strategy. The strategies, sustaining promotional strategy, developmental promotional strategy or promotional appropriation.

(i).   Push and Pull Strategies

The push and pull promotional strategies may be used to enhance sales. The push strategy concentrates on middlemen or retailers who push the sale of the product to the final consumers. This strategy covers cooperative advertising, attractive terms of sale, coupons and discount facilities.

The pull strategy is directed toward the final buyers. It persuades the buyers to go to the sellers to buy. Sales promotion, particularly customer promotion, is an important form of the pull strategy. Customer promotion, may call for the offer of samples, money-refund offers, prices-off, premiums and so on.

The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy. Trade promotions refers to buying allowances, free goods, co-operative advertising, push money, sales contests and so on. The marketing manager has to adopt both these strategies to promote sales.

❖ Features of pull strategy

Pull strategies depend upon mass communication. Products are literally pulled by buyers through the channels on the basis of mass promotional efforts. In a

pull strategy, the product is pulled through the channel by creating end- user demand. Customers force retail shops to stock those mass- promoted products. In turn, retailers demand the highly advertised product from wholesalers. The firms having well- known brands can exercise control over channels through pull promotion strategies. Personal salesmanship plays a secondary role in pull promotion. Marketer rely on intensive distribution. Dealer margins are also lower in pull promotion.

❖ **Features of push strategy**

Industrial marketing strategies are mostly the push type strategies relying primarily on personal selling. Also in the sale of medical products and in life insurance, marketers have to employ a lot of salesmen to call on physicians and prospects for life insurance. In push type promotion, personal selling expenses are considerable and dealer margin is also higher. In this, after – sale service is also important and marketers rely on selective distribution. Push strategy can be successfully used when:

1. We have a high quality product with unique selling points.
2. Where we have a high priced product.
3. We can offer adequate incentives (financial) to middlemen and their salesmen.

❖ **Push – Pull strategy**

Most consumer goods manufacturers generally employ a push- pull (combination) strategy to sell their products. The ratio of pull to push may differ according to the requirements of market situation. Salesmen are used to push the goods through the marketing channel, while advertising and sales promotion will

support personal selling to accelerate sales. Thus, all tools of promotion work together.

(ii). Sustaining Promotional Strategy : The main aim of this strategy is to stablise the market share. Sales promotion becomes necessary to sustain a market share. At a laggard stage, the markets may shrink. Unless appropriate steps are taken, the marketer may find that the market may be slipping away for, to his product. But this strategy can be adopted only after employing the penetrating strategy. That is, the market share should not decline after a higher level of sale has been attained. The sustaining promotional strategy stabilies the market share. Sales force promotion by way of bonus and other incentives many contain the market from slipping away. Steps are taken to prevent the sales force from going across to the competitors. Brand loyalty of customers is fostered and reinforced.

(iii) Developmental Promotional Strategy: The introduction of new products may require expansion of the market. Innovators need to have a developmental strategy. New products or brands are popularized by offering trade discounts, cash rebates, premiums, money refunds, and so on. The new consumers are given effective after- sales service. Consumer franchise building is done with development strategy. The promotional mix for a brand not yet popular may require emphasis on both personal selling and sales promotion.

(iv) Promotional Appropriation : Promotional objectives determine promotional appropriation. The forms of promotion, the costs of each component of promotion, the activities to be performed and appropriation on personal selling, sales promotion, advertising and publicity are determined under this strategic

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approach. The marketing manager has to arrive at the optimum promotional mix of the given objectives. And this requires proper planning and programme evaluation.

Product attributes, brand differentiation, purchase frequency, the nature of the market, the size of market and its location, the nature of prospective buyers, their purchase frequency, distribution and price strategies are evaluated before the formulation of an appropriate sales promotion strategy.

7.   Evaluation of sales promotional strategy

Sales promotional strategies should be evaluated twice. First at the stages of implementation and secondly after the final performance because implementation control' will suggest improvements during the application of the promotional strategy, while 'performance control' will be a guide for the future. Implementation control covers initial planning, objectives, promotional packages, and printing of special premiums and packaging materials, distribution to retailers, etc. Even though it has proved successful whenever tried, very few firms adopt this strategy. Many manufacturers believe only in performance control. Performance is evaluated in the light of planned objectives. Consumer surveys and consumer experiments are used to evaluation techniques show how far the sales promotion techniques have been effective in increasing sales through motivating consumers and sellers, and point the way to improvement in sales promotion.

Sales promotion and product life cycle

The promotional tools vary in their cost effectiveness at different stages of the product life cycle.

In the introduction stage, advertising and publicity have high cost effeteness, followed by sales promotional to induce trial and personal selling to gain distribution coverage.

In the growth stage, all the tools can be toned down because demand has its own momentum through word-of-mouth.

In the maternity stage, sales promotion, advertising and personal selling all become more important in that order.

In the decline stage, sales promotion continues strong, advertising and publicity are reduced and sales people give the product only minimal attention.

Cross Promotion

Under this sales promotion strategy, the manufacturer may use all the potential tools such as advertisement, personal selling and sales promotion to hit the market simultaneously so that the buyer will be induced to buy a product. For example when Deccan Chronicle, a daily newspaper, was introduced in Chennai, the management had used all promotional activities, such as display, holding, price off and media to influence the reader to buy the paper. This promotional strategy in called cross promotion.

Surrogate selling

Under this strategy, when the manufacturer is unable to sell his product in the market he may handover the product to a well known organization to sell on behalf of the manufacturer. This strategy is called surrogate selling.

For example, shampoo products are manufactured at Puducherry by a number of small and medium manufactures. But they find it difficult in selling the

product in the market. What they have done was, handing over the finished product to Hindustan Lever, Proctor and Gample who have sufficient logistics in selling the product, there by relieving the burden of converting the product into cash. They have in fact act as a surrogate in selling their merchandise in the market.

Bait and Switch advertising

Bait means something that is meant to tempt someone. Under this strategy, the marketing manager use AIDAS formula to tempt someone to look the advertisement and influence him to buy a product. For example, Bharat Sanchar Nigam Limited has used 10 paise prominently in its advertisement to bring the attention of its users in mind which will influence them to go for using the BSNL service. This way of tempting the viewer to opt for BSNL is called Bait advertising.

Switch means a device that is pressed or turned to stop or start something working especially by electricity. Switch advertising means when an advertisement is released, it should ignite the minds of the buyer to notice the advertisement and take a decision to buy the product. For example during festival times manufacturer may offer some discount on cash price to the buyer on some selected products. So he has put this in the local newspaper-which would have ignited the minds of the buyers. Buyers will certainly be influenced to buy the product. This strategy is called switch advertising strategy.

LESSON – 3

BRAND EQUITY

INTRODUCTION

A Brand Is A Term Used To Identify Its Products; While Branding Is The Practice Of Identifying A Product Or Line Of Products By A Special Name Or Symbol. Its Use Goes Back To The Middle Ages For Promoting Sales. It Is Said That Egyptians Were Using Some Or Other Identification To Market Their Pottery. The Continued Use Of Brands To The Present Times In Business Has Been Largely Due To:

- (I). Growth In Competition.
- (Ii). Growth Of National And Local Advertising.
- (Iii). Growth Of Packaging And
- (Iv). The Development Of Consumer Brand Consciousness.

Such Sales Promotion Devices Are Intended:

- (I). To Gain Recognition For Their Products.
- (Ii). To Bring About A Certain Amount Of Consumers Preference And
- (Iii). To So Firmly Fix The Product In The Mind Of The Buyer That He Will Believe That It Is The Only One Which Will Satisfy His Wants And As A Result Will Refuse To Accept A Substitute.

Definition

A Brand Is A Name, Term, Symbol, Or Design, Or A Combination Of Them Which Is Intended To Identify The Goods Or Services Of One Seller Or Group Of Sellers And To Differentiate Them From Those Of The Competitors.

- American Marketing Association

A Brand Name Consists Of Words, Letters And/Or Members Which May Be Vocalized; And Refers To Products. Ambassador, Padmini, Tata, Tcs Are Examples Of Brand Names.

Brand Names Should Not Be Confused With Trade Names, Where Brand Refers To Product, Trade Name Refers To Company. The Name Of The Firm Is Its Trade Name. The Brand Name Can Come From Its Trade Name.

Brand Equity

In Recent Years, The Debate About The Value Of Brands Has Been Crystallized In The Phrase 'Brand Equity' Except That Crystallized Is Probably The Wrong Word, Since The Concept Is Anything But Sharp And Crystal Clear.

The Phrase Is Used In Varying Ways, And Seldome Precisely.

Let Us Start Then One Attempt To Be Clear. Aaker Defines Brand Equity As: A Set Of Assets And Liabilities Linked To A Brand, Its Name And Symbol, That Add Value Or Subtract From The Value Provided By A Product Or Service To A Firm And/Or To That Firm's Customers. He Explains Further That These Assets And Liabilities Can Be Grouped Under Five Categories:

I). Brand Loyalty

Ii).   Name Awareness

Iii).   Perceived Quality

Iv).   Brand Associations In Addition To Perceived Quality And

V).   Other Proprietory Brand Assets - Patents, Trademarks And Channel Relationships.

Concepts And Criteria

It Should Not Be Forgotten That Branded Goods, To Be Useful, Must Be Distinctive. Its Name Must Only Be Used In Connection With One Grade, Quality And Style Of Product. Unless Strict Similarity In These In Maintained, The Buying Public Will Soon Find Out That The Brand Name Or Trade Mark Has No Particular Meaning And Will Always Be Suspicious In Future.

A Brand Therefore Has Got Some Value. Its Value Must Come From The Article. Advertising Simply Makes It Popular And Gives It Permanent Value. When A Man Buys A Branded Article, Especially One That Is New, He Is Critical. He Uses It And Forms His Own Opinion Of It. If He Likes It He Will Continue To Purchase And He If He Dislikes It, He Will Avoid Further Buying And Will Tell His Friends Not To Waste Money On It. This Is Called Self-Advertisement Of A Particular Brand.

For Consumers Brands Make It Easy To Identify Goods Or Services. They Aid Shoppers In Moving Quickly Through A Supermarket, Discount Outlet Or Other Retail Store And In Making Purchase Decisions. Brands Also Help Assure Consumers That They Will Get Consistent Quality When They Reorder.

For Sellers, Brands Can Be Promoted. They Are Easily Recognised When Displayed In A Store Or Included In Advertising. Branding Reduces Price Comparisons. That Is, Because, Brands Are Another Factor To Be Considered In Comparing Different Products, Branding Reduces The Likelihood Of Purchase Decisions Based Solely On Price. The Reputation Of A Brand Also Influences Customer Loyalty Among Buyers Of Services As Well As Business And Consumer Goods. Finally Branding Can Differentiate Commodities.

Not All Brands Are Widely And Favourably Recognised By Their Target Markets. And Among Those That Are, Many Are Unable To Maintain A Position Of Prominence. However As A Result Of Such Activities As Aggressive Promotion And Careful Quality Control A Few Brands Retain Their Leadership Positions Over A Long Time. Consequently, Enormous Amounts Of Money Are Spent To Purchase Companies That Have Widely Recognised Brands.

Criteria For Measuring Brand Loyalty

Brand Loyalty Could Be Measured Simply By The Number Of Purchases That A Brand Obtained In A Certain Number Of Purchase Occasions. More Modern Measures Are Also Available That Involve Models That Examine The Pattern Of Purchases One Brand Receives Versus Another. The Following Criteria Is Used To Measure Brand Loyalty.

- ❖ Number Of Times The Same Brand Is Purchased By The Buyer.
- ❖ Popularity Of The Brand.
- ❖ Frequency Of The Buyers In Making Repeat Purchases.

❖ Word-Of-Mouth Communication In Spreading The Name Of The Brand.

Building And Using Brand Equity

In The Minds Of Many Consumers, Just Having The Brand Name Such As Sony, Or Hall Mark Adds Value To A Product. In Particular, Brands Like These Connote Favourable Attributes (Such As Quality Or Economy). What We're Talking About Is Brand Equity, Which Is The Value A Brand Adds To A Product.

Brands Rated The Best In India And For Comparison Purposes-In Automobile Industry / Cars. In Fact, Only Four Brands – Tata, Hyundai, Maruthi And Ford – Were On The High Lists Of Brands. Also Note That Only Two Cars – Maruthi And Hyundai – Were Toping The List And Both Were Given High Marks By Users In India.

Brands Are Considered Very Important Assets For A Company. Given The Importance Of Brands, Several Methods Have Been Developed To Measure Their Value One Is Consumer Evaluations. Another Method, Developed By The Interbrand Consulting Firm, Considers The Worth Of A Particular Brand To Be The Present Value Of Future Profits That Will Be Derived From Products Carrying That Brand. In Interbrand's Latest Ranking, All Of The Top – 10 Brands Are Part Of U.S. Companies, With Coca-Cola, Microsoft And Ibm At The Top Of The Pack. The Top-Ranked Brand From Outside The U.S. Is Nokia Of Finland.

If You Are Not Convinced That A Brand Name By Itself Can Have Much Value, Consider Some Research Results. In One Study, The Proportion Of Subjects Choosing Corn Flakes Cereal Jumped From 47% When The Brand Was Not Known

To 59% When The Brand Was Identified As Kellog's. In Two Mid – 1990's Studies, When Samples Of Computer Buyers Were Asked How Much More Or Less They Would Pay For Particular Brands Rather Than The Average Computer Brand, There Was A Range Of Rs.40,000. Brands Commanding A Premium Included Ibm, Compaq, Hewlett – Packard And Dell. It's Evident That Kellog's, Ibm, Compaq, And Many Other Brands Have Substantial Equity.

We Tend To Think Of Brand Equity As A Positive Aspect Of A Product. Occasionally A Brand Will Lack Equity Or Even Have Negative Equity. In Such A Situation, A Brand Adds Nothing Or Even Detracts From The Perceived Ability Of A Product To Do What Its Supposed To Do.

For Example, In The Research About Computers, Consumers Typically Indicated They Would Need A Discount To Select The Packard Brand. Not Surprisingly, Packert Is Now Struggling To Survive. In The Services Field, During The Late 1990s, Transworld, Airlines Suffered From Financial Problems And Uneven Customer Service. Therefore, In The Minds Of Many Air Travelers, The Twa Airlines Brand Had Negative Equity. Seeking To Establish Positive Equity As The 1990 Ended, Twa Promoted Its Improved Performance With Respect To On-Time Arrivals And Frequent-Traveller Satisfaction, Even Running Large Advertisements In Business Periodicals.

Building A Brand's Equity Consists Of Developing A Favourable, Memorable And Consistent Image – No Easy Task. Product Quality And Advertising Play Vital Roles In This Endeavour. However, It Substantial Brand

Equity Can Be Achieved, The Organisation That Owns The Brand Can Benefit In Several Ways:

- ❖ The Brand Itself Can Become An Edge Over Competition What We Call A Differential Advantage, Influencing Consumers To Buy A Particular Product. Examples, Ford Ikon And Samsung.

- ❖ Because It Is Expensive And Time Consuming To Build, Brand Equity Creates A Barrier For Companies That Want To Enter The Market With A Similar Product.

- ❖ The Widespread Recognition And Favourable Attitudes Surrounding A Brand With Substantial Brand Equity Can Facilitate International Expansion.

- ❖ Brand Equity Can Help A Product Survive Changes In The Operating Environment, Such As A Business Crisis Or A Shift In Consumer Tastes.

Brand Equity Is Often Used To Expand A Product Mix, Especially By Extending A Product Line. The Rationale For Using An Existing, Strong Brand Name On A New Item Or Line Is That The Brand's Equity Will Convey A Favourable Impression Of The Product And Increase The Likelihood That Consumers Will At Least Try It.

If A Brand Has Abundant Equity, That Does Not Necessarily Mean It Should Be Applied To Other Products. Procter And Gamble Decided Its Hugely Successful Pepsodent Name Could Be Used On Different Kinds Of Toothpaste But

Not On Other Product Categories Such As Mouthwash. Strong Equity Does Not Guarantee Success For New Items Or Lines Using The Well Regarded Brands. For Example, Levis Tailored Men's Clothing And Stop And Shop Of Chennai Brand Did Not Pass The Test Of Continuing Consumer Acceptance.

Managing A Portfolio Of Brands

Most Companies Have More Than One Brand; Often They Have More Than One Brand In A Single Product Field. Each Brand Needs To Be Managed Separately, But They Also Need To Be Managed Together To Avoid Sub Optimization.

The Ideal Situation Is That Each Brand Takes As Many Sales As Possible Away From Competitors, But Takes As Few As Possible From, Other Brands. If Each Brand Appeals To A Completely Separate Segment From All Others, There Is No Problem. Unfortunately, Segments Are Rarely Watertight And Targeting Is At Best An Inexact Science.

Careful Segmentation And Positioning Are The Usual Approach, And With Constant Refinement They Can Work Well. Normally A Firm With Several Brands In A Product Field Will Offer :

- ❖ A Premium Brand I.E. One That Offers High Quality And Price ;
- ❖ One Or More 'Flanker Brands' Offering Either A Value Proposition (I.E., Lower Price For Slightly Lower Quality) Or A Different Set Of Benefits; And
- ❖ Possibly A 'Fighting Brand' To Compete With The Own Label.

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The Main Brand Should Occupy The Centre Of The Defined Market, In The Segment Containing The Most Consumers. Other Brands Can Then Be Used Either To Increase Total Market Share – By Appealing To Other Segments – Or As Blockers To Present Competitors Taking Over Those Positions. If The Central Position Is Already Occupied By A Very Strong Competitor, It May Not Take Sense To Attack It Head On, But To Use Flanking Brands As The Main Assault.

A More Recent Name For Arranging The Portfolio Is 'Category Management'. This Means Developing A Strategy For The Category As A Whole Rather Than For Individual Brands Separately And May Include Own Label Products Packed For Retailers. This Has Some Appeal, And Is Often Welcomed By The Retailers Themselves. This Should Make Any Company Suspicious And Indeed One Of The Dangers Of Category Management Is That, In The Short Term, It Is Usually Easier To Maintain Or Increase Sales By Meeting Retailers Demands Than By Concentrating On Owned Brands.

There Is A Tendency For The Own Label Or Brands Designed Especially For The Retailer, To Be Given Greater Prominence Than The Manufacturers Brands. Unless This Tendency Is Resisted, The Brands Will Gradually Decline. The Retailer Is Also Not Being Entirely Altruistic In Accepting The Manufacturers' Offer Of Help In Category Management; Since It Involves Considerable Data Collection, Analysis, Planning And Monitoring, It Is Useful To Have Someone On The Supplier's Pay Roll Do It Rather Than Attempting It On One's Own.

Advertising, Promotion And The Brand

By Now It Is Clearly Understood That The Role Of Advertising And Promotion In Fast Moving Consumer Good Markets. Advertising Has Been Seen

As One Of The Primary Tools Of Brand Building. The High Cost And Difficulties Of Mass Advertising Are Seen As One Of The Major Challenges To Fast Moving Consumer Good Brands.

Do All Brands Need Advertising?

The Basic Assumption Is That Brands Need Advertising But Some Strong Brands Apparently Do Not. Spencer Used To Spend Almost Nothing On Advertising, Yet It Was An Enormously Powerful Brand. The Body Focus Seems To Have Built Up A Distinct Brand Personality Without Heavy Advertising. Of Course, Both These Are Retailers; They Have Stores Which People Pass By Go Into. The Stores Themselves Are – In Their Way – Advertising, And It Is Difficult To Think Of Major Brands Other Than Retailers That Have Done Without Advertising.

It Is Extremely Difficult To Adjust Brand Reputations Without Controlled Communications – Both. It Is Noticeable That In Early 1990s When Spencer Was In Serious Trouble, It Started To Use Advertising To Help Recover Its Reputation. There Are Niche Brands That Have Built Up A Reputation By Word Of Mouth, Or By Making Sure That They Were Newsworthy. Sometimes They Achieve This Through Public Relations, At Other Times They Achieve It Just By Being Controversial And There Are Many Ways In Which A Brand Can Try To Become Famous.

We Can Safely Make Three Statements About Brand Communication :

- ❖ Every Brand Must Have Some Means Of Communicating With Its Buyers. This May Not Be Advertising, But It Must Be Direct If It Is To Be Controllable.
- ❖ Many Other Methods Of Communication Are Available, And Can Be Used To Gear Up And Multiply The Effects Of Advertising. Newsworthiness And Fame Can Be Achieved, But The Message Has To Be One That Is Really New And Interesting.
- ❖ All The Means Of Communication And The Messages Transmitted Must Be Co-Ordinated To Make Some That They Are Saying The Sense Thing, Confused Consumers Don't Buy.

What Can Advertising Do ?

So Much Money Is Spent On Advertising, By So Many Bright People, That It Is Not Surprising That Theories Abound As To What It Does And How It Does It. Sadly, Most Of These Are Based On Myth And Personal Experience Rather Than Hard, Scientific Evidence.

Large, Sophisticated Companies – The Hindustan Lever, Procter And Gamble – Have Been Working For Decades On The Problem. Any Firm That Really Wishes To Find Out How Advertising Works For Them Must Commit Itself To The Same Sort Of Long-Term Experimentation, Data Collection And Model Building That The Organisations Have. Ready – Mode Solutions Are Not Likely To Be Of More Than General Help.

Advertising Elasticity's – That Is The Measure Of How Sales Change In Response To A Change In Advertising Spend – Are Low. There Are Significant In

35 Per Cent Of Cases For Established Brands And 55 Per Cent Of Cases For New Brands. The Findings Show That :

❖ In Two-Thirds Of Campaigns For Existing Brands And Almost Half Those For New Brands, The Advertising Does Not Significantly Affect Sales And

❖ Short Term Advertising Elasticities Can Be Measured But They Are Likely To Be Very Small.

Advertising Effects Are Weaker In Unambiguous Product Fields And Stronger Where Products Are New And / Or Ambiguous.

Long Term Effects May Last Two Or Three Years After The Initial Campaign, So Where Advertising Does Produce A Sales Effect, Its Profitability Should Be Measured Over That Period. Even If Advertising Produces No Sales Increase, It May Be Contributing To The Maintenance Of Brand Share Or Building Up Brand Equity.

There Is A Price Paradise

The Standard Model Of Advertising And The Brand Suggests That A Strong Brand Is Less Sensitive To Price Than A Weaker One. When Advertising Increases Sales, The Average Sensitivity To Price Also Increases.   In Other Words, A Seemingly Successful Campaign Has Made Buyers More Sensitive To Price, Where As We Would Expect Our Brand Buyers To Be, If Anything, Less Sensitive.

What Can Promotion Do?

Like Advertising, Promotion Can Do More Things Than Just Affect Sales. First It Can Induce Consumers To Try A Product ; Because Trial Is Hugely

Important In Producing Market Share, Anything That Increases It Is Invaluable. A Successful Promotion That Induces New Triers To Buy Is Therefore A Vital Weapon. It Is Then Upto The Performance Of The Product Itself – And The Subsequent Actions Of The Rest Of The Marketing Mix – To Persuade That Buyer To Continue Buying.

Promotion Can Also Create Excitement. In Any Crowded Market Place, You Need To Stand Out. One Way Of Doing This Apart From Advertising Is Having Occasional Creative Promotions. Finally Promotions Can Produce A Trade Push ; If Advertising Produces Consumer Pull, The Trade Promotion Ought To Produce Channel Push I.E. Pushing Products Into The Distribution Chain And Relying On The Channel Members To Sell Them On.

There Is A Potentially Much More Deadly Long-Term Effect Of Too Much Promotion – The Subconscious, Message That Constant Promotion Sends To Consumers. Constant Promotion May Devalue The Brand, Sending Almost The Opposite Message To The One You Want To Send.

Integrating Advertising And Promotions

The Answer To The Problem Of Conflicting Communications Must Be To Integrate Advertising And Promotion. There Are Two Common Sense Reasons For Integration.

The First Reason Is That Integration Creates Synergy. This Is A Much – Abused Word, But The Evidence Shows Clearly That Advertising And Promotion Can Work Together To Produce A Greater Effect. In Addition, The Integration Of Advertising And Promotion Gives The Consumer A Coherent Message. If

Advertising And Promotion Are To Achieve Synergy And To Build A Cumulative Effect In Consumers' Minds, They Must Be Mutually Consistent.

Planning Advertising And Promotion

The Advertising And Promotion Plan Is Only One Part Of The Overall Marketing Plan And Must Fit Within It. In Order To Start The Advertising Plan, We Need Some Background – Which Is Not A Very Formal Restrictive Planning, But For A Process Of Thinking Through What The Advertising And Promotion Are Trying To Achieve.

From The Brand Plan We Should Expect To Find The Following Elements.

- ❖ A Situation Analysis (Where We Are And Why)
- ❖ Objectives (What The Brand Is Aiming For In Sales, Share And Other Targets)
- ❖ Positioning (How The Brand Is Positioned In The Consumer's Mind, And How We Wish To Change This);
- ❖ Strategy (How The Brand Is Going To Compete In This Market)
- ❖ Advertising Strategy (What Role Advertising Has Next Period With In The Overall Strategy) And
- ❖ Budget (What Moneys Are Available To Spend On Advertising Promotion).

Advertising Objectives Must Include Long-Term Brand Building. They May Of Course Also Include Shorter-Term Tasks Such As Announcing A New Variation Or Promotion.

Promotions Should Be Integrated Into The Overall Marketing Process. Irrelevant Promotions May Harm The Brand. Good Practice Sees The Objectives Of Promotions Set At The Beginning And In The Context Of The Communications Strategy, So That Suitable, Relevant Promotions Consistent With The Brand's Values Can Be Planned. Promotions Agencies Are Very Good At Coming Up With Ideas, As Are Advertising Agencies, But The Ideas Must Contribute To, And Express, The Brand's Values.

Leveraging Brand Values For Business And Non-Business Contexts

The Reputation Of The Brand Is A Source Of Demand And Lasting Attractiveness, The Image Of Superior Quality And Added Value Justifies A Premium Price. A Dominant Brand Is An Entry Barrier To Competitors Because It Acts As A Reference In Its Category. The Brand Can Enter Other Markets When It Is Well Known, Is A Symbol Of Quality And Offers A Certain Promise Which Is Valued By The Market. The Palmolive Brand Name Has Become Symbolic Of Mildness And Had Been Extended To A Number Of Markets Besides That Of Soap, For Example Shampoo, Shaving Cream And Washing Up Liquid.

In Determining The Financial Value Of The Brand, The Expert Must Take Into Account The Sources Of Any Additional Revenues, Which Are Generated By The Presence Of A Strong Brand. Additional Buyers May Be Attracted To A Product Which Appears Identical To Another But Which Has A Brand Name With A Strong Reputation. If Such Is The Company's Strategy The Brand May Command A Premium Price In Addition To Providing An Added Margin Due To

Economies Of Scale And Market Domination. Brand Extentions Into New Markets Can Result In Royalties And Important Gearing Effects. To Calculate This Value It Is Necessary To Subtract The Costs Involved In Brand Management; The Costs Involved In Quality Control And Investing In R & D, The Cost Of National, Indeed International Sales Force, Adverting Costs, The Cost Of A Legal Registration And The Cost Of Capital Invested.

The Financial Value Of The Brand Is The Difference Between The Extra Revenue Generated By The Brand And The Associated Costs For The Next Few Years, Which Are Discounted Back To Today. The Number Of Years Is Determined By The Business Plan Of The Values. The Discount Rate Used To Weigh These Future Cashflows Is Determined By The Confidence Or The Lack Of It That The Investor Has In His Forecasts. However, A Significant Fact Is That The Stronger The Brand, The Smaller The Risk. Thus Future Net Cash Flows Are Considered More Certain The Stronger The Brand.

The Following Are The Three Generations Of Profit Of The Brand ;

❖ The Acceptable Price Premium
❖ The Differential Of Alteration And Loyalty And
❖ The Differential Of The Margin

These Gearing Effects Work On The Original Market For The Brand But They Can Be Offered Subsequently In A Variety Of Forms On Other Markets And For Other Product Categories, Either Through Direct Brand Extension Or Through Licensing From Which The Manufacturer Benefits From Royalties.

Once These Generations Are Measured In Rupees Or Any Other Currency They May Serve As A Base For Evaluating The Marginal Profit Which Is Attributable To Brand Management. Now-A-Days A Key Element Of Brand Equity Is Understanding And Adapting To The Logic Of Distributors And Developing Good Relations With The Channels.

The Value Of The Brand And The Legitimacy Of A Company Implementing Brand Policy, Depends On The Difference Between The Marginal Revenues Coming From The Generators Of Profitability And The Necessary Marginal Costs Associated With Brand Management.

Brand Values For Non-Business Organisations

Most Of The Marketing Examples Are Generally Drawn From The Business Sector. Starting In 1990s, There Has Been A Broadening Of Marketing To Cover All Organisations. All Organisations Have Marketing Problems And Need Marketing Skills. The Non-Profit And Public Sectors Account For More Than A Quarter Of The Indian Economy And Are In Great Need Of Management And Marketing Skills.

Many Non-Business Organisations – College, Hospitals, Social Service Organisations, Charities, Museums, Government Agencies, Trusts – Are Experiencing Difficult Times. They Are Losing Clients On The One Hand And Finding It More Difficult To Raise Public And Private Funds On The Other Hand.

Many Are Being Forced To Charge Fees For Formerly Free Services To Earn Extra Income. In Certain Cases, Commercial Businesses Are Complaining About Unfair Competition From The Non-Profits.

All Of This Has Increased The Interest Of Non-Profits In The Area Of Marketing. Many Non-Business Organisations Are Vying With Each Other To Promote Their Brand Value In The Market. They Use Brand As A Tool To Mobilise Finds From The Public To Fulfill Their Objectives. For Example, In Chennai, Banyan, A Non-Profit Organisation Which Looks After The Socially, Economically And Mentally Retard Women, Promotes Its Brand Effectively In India And Abroad So As To Raise Funds For Its Noble Cause. Another Organisation Is 'Vuthavum Karangal' (Helping Hands) Which Is Taking Care Of Socially And Economically Deprived Children In Chennai. It Is Also Taking Steps To Promote Its Brand To Get Recognition From The Corporate World So That It Can Get Funds For Its Social Cause.

There are several dangers in the aggressive promotion of brand value. In fact, aggressive promotion can create negative reactions especially the donor, who regards hard branding as offensive. Also, hard promotion may turn off as many clients as it turns on. Care must be the best word to be followed by Brand managers of non-business organisations.

Questions

1. Briefly explain the concept of sales promotion.
2. What are the different methods of sales promotion?
3. What are the objectives of same promotion.

4. Explain in detail the stages involved in implementing a sales promotion strategy.

5. Write short notes on :
   i) Push strategy
   ii) Pull strategy
   iii) Sales promotion and product life cycle.

6. Does a sales promotion scheme induce buying? Substantiate your answer.

7. List out the various sales promotion tools available and briefly explain their features.

8. Write a note on :
   (i). Surrogate selling
   (ii). Bait and switch advertising

9. Define Brand equity. Explain the method of building, measuring and managing brand equity.

10. How advertising and sales promotion is linked to achieve brand standing?

11. Explain the role of brand value for business and non-business organizations.

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