

ADVERTISING AND SALES PROMOTION

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ADVERTISING AND SALES PROMOTION

UNIT I

Advertisement Process and agency: Meaning, nature and evolution of advertising; Advertising purposes and functions; classification of advertising; Advertising process -Major players in Advertising process. Advertising Agency: Concept, evolution and types of Advertising agencies; Functions & structure of modern advertising agency. Advertising Agencies in India.

UNIT II

Advertisement Budget: Approach and procedures for determining the size of the budget, Administration and control of budget. Regulation of Advertising: Self-Regulation by advertising Media (ASCI), Economic, social & ethical aspects of advertising- advertising.

UNIT III

Advertisement Copy & Media: Advertisement Copy: Meaning and types - Copy layout. Role of media in advertising -Types of media -Broadcasting & Print media advertising - Internet Advertising-Mobile advertising -Impact of social media in advertising.

UNIT IV

Sales Promotion: Meaning, nature and objectives of sales promotion; Major limitations of sales promotion; Consumer sales promotion: Objectives and tools. Benefits of sales promotion to customers. Trade Promotion: Meaning, objectives and importance; Major trade promotion schemes.

UNIT V

Sales Promotion Planning and Control: Planning process of advertisement Establishing objectives of sales promotion and selecting consumers for sales promotion; Developing, pre-testing, implementing, controlling and evaluating the -sales promotion programme.

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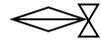
Unit – I

ADVERTISEMENT PROCESS AND AGENCY

Introduction

Advertising is considered as a creative commercial message aimed at selling services or products. It can also be used to increase sales or publicize social messages. It is the lifeblood of media for their survival. At the same time, there is a general belief that advertising is a waste of time, money and resources. Audiences of different mass media would generally prefer freedom from advertising but as students of advertising you must learn to romance with advertising just as shown in some Indian films. Watch these ads closely, connect with the ad characters, jingle, slogan and advertising locations. When you are doing this you connect with the brand emotionally, start loving it and build a long lasting relationship, adore the brands you purchase, and feel nostalgic.

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 who's that advertisements are meant, but by society in general.



Definition

One of the common definitions of advertising considers it as “any paid form of non-personal communication of information about products or ideas by an identified sponsor through the media in an effort to persuade or influence behaviour of the people in such a manner as to induce them to buy.”

“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

Evolution of Advertising in India

Evolution of advertising in India in the timeline below:

1780: James Augustus Hickey started Hickey’s Bengal Gazette, the first newspaper to be published from India. It advertised trade and legal notices. With this print advertising started. It began with classified advertising.

1883: Horlicks becomes the first brand to be patented as ‘malted milk’.

1905: B. Dattaram and Co. started its operations in Mumbai and it is the oldest ad agency.

1918: Tata Publicity, first professionally managed ad agency was started.

1920: Foreign owned ad agencies entered the Indian market.



1929: James Walter Thompson (JWT) ad agency started its India operations.

1939: The Indian and Eastern Newspaper Society (IENS) were founded. Lintas advertising agency was started and they launched Dalda, the first major example of branding.

1945: Advertising Agencies Association of India (AAAI) was started.

1948: Audit Bureau of Circulation (ABC) was founded.

1952: The Indian Society of Advertisers was formed.

1955: Advertisers' Club of Bombay (ACB) was set up.

1959: Telecasting of TV programmes commenced.

1967: First commercial was aired on Vividh Bharati, an AIR channel.

1970: Sponsored programmes on radio were introduced.

1976: Doordarshan (DD) was separated from AIR, the first TV commercial seen.

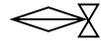
1982: Bombay Dyeing becomes the first colour TV ad.

1985: Advertising Standards Council of India (ASCI) was set up.

History of Advertising in India

Nearly eight decades earlier, Britishers use to import the things they needed but later they started manufacturing them here itself and that is when the advertising began for the manufactured products by the Britisher to make people know about them. These advertisements were initially the copy of advertisements they showed in their country but later advertising agencies were opened in India.

People would make public announcements on the streets about their products and offers and some people had signboards outside their shops telling about the product that they are selling in a way that even an illiterate could understand.



In India, with the introduction of advertising in the 20th century, work opportunities in the field increased and growth happened by the launch of newspapers, radio, television, mail, magazines, and now the internet.

History of Advertising in India in four parts:

1. The first stage (1947-1960):

We were liberated by the British rule but the 200 years of being ruled had left a big impact on society. Imports were still being done and the modernization was taking place but the advertisement that was being put up was merely factual and lacked creativity.

2. The second stage (1960-1980):

Creativity in the way of presentation of advertisements improved and the advertisements were now more impactful to the Indian culture than the British. Using creativity to generate effective campaigns for company products using images, slogans, and phrases.

3. Third stage (the 1980s):

In this phase focus from creativity shifted to creating more impactful marketing channels so that the advertisement that was being created could reach the maximum number of people and in the most effective manner. In this era, more radio and TV sets were becoming popular and agencies were finding the best opportunities in them for their advertisements.

4. Fourth Stage (Current Stage):

If we see today's advertising scenario, it focuses on both marketing channels as well as bringing appealing creativity in the advertising. A lot of foreign companies started manufacturing in India but to make the advertisements more attractive and appealing for the Indians, the ads were created in Indian ways, by casting Indian prominent faces.



Digitization

Slowly internet users are increasing and it has opened bigger opportunities for the advertising agencies to spread their viewers and customer not just locally but globally. Everything is backed by advertisements. All the small and big websites are majorly funded by the advertisers which show its importance on a bigger scale. Digital marketing has given advertising a whole new artistic appearance. In today's advertising scenario, creativity and content win the market. Digital marketing focuses on marketing products on the internet through various means like social media, emails, blogs, videos, etc.

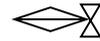
Advertising has a big role to play in creating awareness about anything that could be of importance to people. It increases customers for brands, people become aware of important services that people or government is providing. Advertisements have been here for a long time and have been through various changes in the ways of their production and presentation. It is very important to be aware of the history of advertising to be able to understand how the changes have come with time and what changes could be brought in the future by understanding the history of advertising.

Objectives of Advertising

Objectives of advertising can be classified broadly into two types, namely:

General Objectives

- 1. To inform:** Done to build primary demand & inform about new product availability. E.g. State bank of India.
- 2. To persuade:** The objective is to build demand for a particular brand. For E.g. Vodafone.



- 3. To remind:** Established products advertise to remind customers about the brand. E.g. Coca Cola.

Specific Objectives

- 1. Induce trial:** Advertisers use it to encourage the customer to try the new product. E.g. Vim gel.
- 2. Intensify usage:** It is done to get another consumer segment to try the product (mostly established brand). E.g. Cadbury's targeted older people by using Amitabh Bachchan.
- 3. Sustain preference:** Established brands advertise to maintain their market share. E.g. Seagram's Imperial Blue.
- 4. Confirm image:** Established brands want to retain their image in the minds of the customer. E.g. Nescafe ad.
- 5. Change habits:** It is used to change the buying or consumption pattern of the target customers. E.g. Johnson and Johnson's baby wipes.
- 6. Build line of acceptance:** Is used to display the entire range of brands. E.g. Videocon ad.

Features of Advertising

- 1. Communication:** Advertising is a means of mass communication reaching the masses. It is a non-personal communication because it is addressed to masses.
- 2. Information:** Advertising informs the buyers about the benefits they would get when they purchase a particular product. However, the information given should be complete and true.
- 3. Persuasion:** The advertiser expects to create a favourable attitude which will lead to favourable actions. Any advertising process attempts at converting the prospects into customers. It is thus an indirect salesmanship and essentially a persuasion technique.



- 4. Profit Maximisation:** True advertising does not attempt at maximising profits by increasing the cost but by promoting the sales. This way it will not lead to increase the price of the product. Thus, it has a higher sales approach rather than the higher-cost approach.
- 5. Non-Personal Presentation:** Salesmanship is personal selling whereas advertising is non-personal in character. Advertising is not meant for anyone individual but for all. There is absence of personal appeal in advertising.
- 6. Identified Sponsor:** A sponsor may be an individual or a firm who pays for the advertisement. The name of reputed company may increase sale or products. The product gets good market because of its identity with the reputed corporate body.
- 7. Consumer Choice:** Advertising facilitates consumer choice. It enables consumers to purchase goods as per their budget requirement and choice. Right choice makes consumer happy and satisfied.
- 8. Art, Science and Profession:** Advertising is an art because it represents a field of creativity. Advertising is a science because it has a body of organised knowledge. Advertising is profession is now treated as a profession with its professional bodies and code of conduct for members.
- 9. Element of Marketing Mix:** Advertising is an important element of promotion mix. Advertising has proved to be of great utility to sell goods and services. Large manufactures spend crores of rupees on advertising.
- 10. Element of Creativity:** A good advertising campaign involves lot of creativity and imagination. When the message of the advertiser matches the expectations of consumers, such creativity makes way for successful campaign.



Functions/Purposes/Importance of Advertising

The main function of advertising is to interpret for the target audience / public at large, information about the product and services being marketed by the client. To do so, the advertising agency must go through a number of steps, which are given below:

- Know the strengths and weaknesses of the product and its competition
- Analyse the product's current and potential market
- Study the distribution network of the client
- Select suitable and correct media for advertising the product
- Present the plan to the client for review and approval
- Co-ordinate with the client's sales and marketing activities

The basic function of advertising is to inspire, sustain and increase the consumer base, distribution of products and primarily boost sales of the client. The functions of advertising can be categorized into two as – Primary function and Secondary functions.

Primary Functions of Advertising

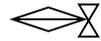
The primary functions of advertising can be specified as:

- (a) **Increase sales:** Advertising informs the consumer about the product, thereby securing more consumption, or attracting attention towards a new product. Advertising gives an impetus to the consumer to buy the product, thus increasing the sales and in turn, higher profits. Advertising helps to build up and encourage demand and expand the market.
- (b) **Introduce a new product:** Advertising is the ideal and probably the only way to introduce a new / improved product to the consumer. Thus passing on



information about the product as fast as possible to the consumer – and creating a demand.

- (c) **Inducing dealers:** Advertising prompts dealers to stock more products as there would be a bigger demand for the product. In areas where the product is in less demand, advertising and direct contact with the dealer can induce the dealer to maintain a better stock.
- (d) **Helps dealers:** Advertising makes it easier for the dealer, retailer to sell products faster, thus increasing their profits. Dealing with such well-advertised goods has become quite prestigious for the dealers, as the names of their outlets also appear in the advertisement as dealers of the product. Thus the dealers get free publicity for their outlet.
- (e) **Seasonal swing:** Advertising eliminates the seasonal swing. Selling of the product during the off-season period, e.g., sunglasses can sell all year round.
- (f) **Awareness of the product:** Advertisement creates confidence in the mind of the consumer about the advertised product. The consumer would rather buy a product which he is aware of, rather than an unknown /not advertised product - a product which he has not heard of.
- (g) **Increase of business:** Where advertising makes way for a demand for the product, it in turn increases sales, which makes way for an increase in production, thus expanding business. Advertising also creates goodwill in the market and an increase in the volume of sales. This reduces manufacturing cost, which in turn makes way for more profit for the company and its shareholders.
- (h) **Perception function:** It is through advertising that the customer moves closer to buying the product. According to Lavidge and Steiner, a person goes



through several steps before he decides to buy the product:

- awareness of the product
- knowledge of what the product offers
- liking for the product
- preference for the particular brand of the product
- the desire to buy the product
- the action of the consumer – to the actual purchase of the product

Secondary Functions of Advertising

The secondary functions of advertising can be stated as:

- (a) Spreading of information:** The consumer gets all the necessary information about the product, dealers, manufacturer, etc. through advertisements, which are often utilized to clear any doubts about the product – e.g., Pepsi and Coca-Cola recently had a problem with pesticides in their products. Both the companies used advertising as a medium to clear the doubts in the minds of the consumer.
- (b) Pride for the workers:** Advertising increases demand and thus there are higher sales, in turn, more production. All this creates a sense of pride in the workers that the product that they manufacture is so highly accepted in the market. It builds a certain pride in the workers and eggs more commitment to their work and its quality.
- (c) Safety:** Advertising leads to an increase in sales, leading to a sense of safety and security of jobs for the workers.
- (d) Better employees:** The Company, with larger profits, can create the best pool of employees from the market. The employees, on the other hand, are attracted by the prospect of working for a reputed and famous company and enhancing their talent. Almost everyone



desires to work for reputed and leading companies like Tatas, Bajaj Auto, Godrej, ICICI Bank and so on.

- (e) **Encouragement for the salesman:** Advertising makes it much easier for the salesman to meet the targets set by the management. Advertising eases the job of the salesman as regards the technical and other specific details of the product. A good part of the selling is already done by the advertisement.

Advantages of Advertising

Advertising indeed is undoubtedly an inseparable part of marketing process. Let us look at what benefits it has for manufacturers and consumers.

Pros of Advertising for the Manufacturer

- It creates primary demand for the brands and hence results in increased sales.
- After the initial sales continuous advertising will further ensure a steady demand for the brand.
- Increased demand will ensure steady sales resulting in quicker turnover.
- If the brand is being advertised steadily then over the years, it will generate consumer goodwill for the brand.
- If the demand of the brand is steady in the market, then dealers also show interest in keeping/warehousing the brand.
- Over the year's manufacturers can sell the goods directly to the consumer and reduced dependence on middlemen will increase the profit as the commission given to these middlemen is saved.
- Advertising will help salespersons in their sales process because it makes the brand known to maximum number of target consumers.



Pros of Advertising for the Consumer

- Advertisements inform the consumers about product availability.
- As many products are advertised simultaneously, consumers can compare the brands and make a purchase decision. Of course, consumers may not rely on advertisements solely to do so.
- Advertising increases the competition amongst the brands. Competing brands will improve the quality of the product in order to attract the target consumers. Hence, consumers will enjoy better quality of products.
- By eliminating the middlemen consumers will enjoy the benefits of reduced prices.
- As consumers are well-informed about the product availability and other details regarding the brand, they save their time in purchase decision making process.
- Latest and upgraded products are advertised through advertising and consumers are persuaded to buy these products. This leads to improved standard of living of consumers.

Cons of Advertising for the Consumer

- Too many products on offer makes consumer ending up purchasing them unnecessarily.
- Advertisements increase the price of the product, making it costlier.
- Most of the advertisements are exaggerated, false, deceptive and misleading, thus giving wrong notion about the brand.
- Manufacturers who have high advertising budgets advertise more thus side lining those manufacturers who cannot afford to spend more on advertising. This results in brand monopoly and consumers may not be aware of the non-advertised products.



- Too much of sex appeal is used in ads making them vulgar and demeaning.

Classification of Advertising

There are several classifications of advertising which can be used by the companies. Let us discuss them in detail. It is classified under nine heads.

1. Product Advertising

A normal characteristic of advertising is to create primary demand for a product category rather than for a specific brand. It is wrongly believed that product advertising must stress on brand name. This is based on the feeling that a good image often enhances the effectiveness of product advertising. However, in practice, most companies are successful in building the product image by using the brand names (e.g., Dettol, Horlicks). In short, when the company tries to sell its product or services through advertising it is referred to as product advertising.

2. Institutional Advertising

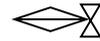
These advertisements are not always directed to consumers. Instead, it is aimed at many of the various types of public (shareholders, creditors, etc.). It is not product oriented but is rather designed to enhance the image of the company.

3. Primary Demand Advertising

It is intended to stimulate primary demand for a new product or product category. It is heavily utilized during the introduction stages of the life cycle of the product.

4. Selective or Competitive Advertising

When a product enters the growth stage of its life cycle, and when competition begins, advertising emerges and becomes selective. Here, the goal of advertising is to increase the demand for a specific product or service.



Advertising may begin to stress subtle difference in brands, with heavy emphasis on 'brand name recall'. Pricing also will be used as a key promotional weapon as products become very similar.

5. Comparative Advertising

This is a highly controversial trend in today's competitive market. Such types of advertising play a decisive role on comparative features of two or more specific brands in terms of product / service attributes. This method is adopted in the maturity stage when similar products fast appear in the market causing stiff competition.

6. Co-operative Advertising

When manufacturers, wholesalers and retailers jointly sponsor and share the expenditure on advertising, it takes the form of co-operative advertising. Such advertising carry the names of all the parties involved. From the customers' point of view this is beneficial, as they can get the articles directly from the authorized outlets.

7. Commercial advertising

It is also termed as business advertising. As the name suggests such advertising is solely meant for effective increase in sales.

8. Non-Commercial Advertising

These are usually published by charitable institutions preferably to solicit general and financial help (such as collection of donation or sale of tickets).

9. Direct Action Advertising

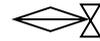
Advertising that stresses and persuades immediate buying of the product is known as direct action advertising. Direct mail advertising is capable of achieving immediate action to a large extent.



Limitations of Advertising

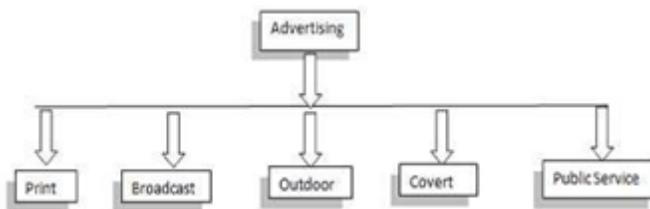
Many people consider advertising to be a wasteful activity and something harmful for the customers and the society in many ways. Their arguments against advertisement are as follows:

1. **Advertising multiplies wants:** People tend to desire and buy products as they see in advertisement even if they do not actually need or afford them. This multiplication of wants may put them under financial and psychological pressure.
2. **Advertising adds to the cost and price of product:** Money spent on advertising eventually results in increased cost of the product, which is passed on to the consumers through increased prices. You must have noticed that the brands which are advertised heavily in different media are found to be priced higher as compared to those which are not so heavily advertised.
3. **Creation of monopoly:** Business firms which can spend heavily on advertising are usually the ones who grab a bigger share of the market. Such firms generally have a monopoly which results in unequal opportunity for small producers to make a place for themselves in the market. They do not get a fair opportunity to compete.
4. **Advertising may affect the value-system of society:** Advertising may introduce ideas or concepts alien to our culture. These new values generated or propagated by advertising may affect our social, moral and ethical values adversely. Objectionable appeals like sex, horror etc. are sometimes used in advertisement to attract attention.
5. **Motivation for wrong or dangerous deeds:** The way advertisements project people consuming liquor, cigarettes or pan-masala, may feel tempted by the people to try and then get addicted to such products



which are not good for health. Similarly, models are shown doing dangerous acts like jumping from the top of a hill which some children may try to copy and may face the accidents.

6. **Advertising may not increase overall demand:** Advertising does not always increase demand. In many cases, a number of firms manufacturing similar products may advertise vigorously. This may not result in an increase in the total demand for the product but simply shift demand from one brand to another.



Classification of Advertising Strategies

Advertising strategies could include any variety of methods but should incorporate a web presence, social media and networking. Traditional modes for advertising like radio, television or the print media may also be used. The amalgamation of these methods to be used by a company depends greatly on the company's budget, their target audience or market, and the products or services being offered.

1. Print Advertising

The print media has been used for advertising since long. The newspapers and magazines are quite popular modes of advertising for different companies all over the world. Using the print media, the companies can also promote their products through brochures and fliers. The newspaper and magazines sell the advertising space and the cost depends on several factors. The quantity of



space, the page of the publication, and the type of paper decide the cost of the advertisement. So an ad on the front page would be costlier than on inside pages. Similarly, an ad in the glossy supplement of the paper would be more expensive than in a mediocre quality paper.

2. Broadcast Advertising

This type of advertising is very popular all around the world. It consists of television, radio, or Internet advertising. The ads on the television have a large audience and are very popular. The cost of the advertisement depends on the length of the ad and the time at which the ad would be appearing. For example, the prime time ads would be costlier than the regular ones. Radio advertising is not what it used to be after the advent of television and Internet, but still there is specific audience for the radio ads too. The radio jingles are quite popular in sections of society and help to sell the products.

3. Outdoor Advertising

Outdoor advertising makes use of different tools to gain customer's attention. The billboards, kiosks, and events and tradeshow are an effective way to convey the message of the company. The billboards are present all around the city but the content should be such that it attracts the attention of the customer. The kiosks are an easy outlet of the products and serve as information outlets for the people too. Organizing events such as trade fairs and exhibitions for promotion of the product or service also in a way advertises the product. Therefore, outdoor advertising is an effective advertising tool.

4. Covert Advertising

This is a unique way of advertising in which the product or the message is subtly included in a movie or TV serial. There is no actual ad, just the mention of the product in the movie. For example, Tom Cruise used the Nokia phone in the movie *Minority Report*.



5. Public Service Advertising

As evident from the title itself, such advertising is for the public causes. There are a host of important matters such as AIDS, political integrity, energy conservation, illiteracy, poverty and so on all of which need more awareness as far as general public is concerned. This type of advertising has gained much importance in recent times and is an effective tool to convey the message.

Steps in Advertising Process

“Mass demand has been created almost entirely through the development of Advertising”

Calvin Coolidge in the New York Public Library.

For the development of advertising and to get best results one need to follow the advertising process step by step. The following are the steps involved in the process of advertising:

Step 1 - Briefing

The advertiser needs to brief about the product or the service which has to be advertised and doing the SWOT analysis of the company and the product.

Step 2 - Knowing the Objective:

One should first know the objective or the purpose of advertising. i.e. what message is to be delivered to the audience?

Step 3 - Research:

This step involves finding out the market behaviour, knowing the competitors, what type of advertising they are using, what is the response of the consumers, availability of the resources needed in the process, etc.

Step 4 - Target Audience:

The next step is to identify the target consumers most likely to buy the product. The target should be appropriately identified without any confusion. For e.g. if the product is a health drink for growing kids, then the



target customers will be the parents who are going to buy it and not the kids who are going to drink it.

Step 5 - Media Selection:

Now that the target audience is identified, one should select an appropriate media for advertising so that the customers who are to be informed about the product and are willing to buy are successfully reached.

Step 6 - Setting the Budget:

Then the advertising budget has to be planned so that there is no short of funds or excess of funds during the process of advertising and also there are no losses to the company.

Step 7 - Designing and Creating the Ad:

First the design that is the outline of ad on papers is made by the copywriters of the agency, then the actual creation of ad is done with help of the art directors and the creative personnel of the agency.

Step 8 - Perfection:

Then the created ad is re-examined and the ad is redefined to make it perfect to enter the market.

Step 9 - Place and Time of Ad:

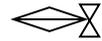
The next step is to decide where and when the ad will be shown. The place will be decided according to the target customers where the ad is most visible clearly to them. The finalization of time on which the ad will be telecasted or shown on the selected media will be done by the traffic department of the agency.

Step 10 - Execution:

Finally, the advertise is released with perfect creation, perfect placement and perfect timing in the market.

Step 11 - Performance

The last step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable



enough to compete with the other players, etc. Every point is studied properly and changes are made, if any. If these steps are followed properly then there has to be a successful beginning for the product in the market.

Major Players in Advertising Process

In the process of advertising, there are specific players who deliver different functions, the entire combination of which constitutes the entire intricate mechanism of advertising. These five players are:

Advertiser

The advertiser is basically the company whose product or service is going to be promoted through the incorporation of advertising. In the eventual realm of affairs, the impact of the final advertisement is going to leverage him the most as its his brand whose future depends upon the nature of the advertising. In the industry language it is called 'Account'.

The Advertising Agency

While the advertiser will get affected the most (positively or negatively), it's the advertising agency, which plays the greatest role in generating the impact of the advertisement. In other words, the advertising agency is verily responsible for the magnitude of effectiveness of the advertisement, the outcome of which will make or break the brand.

The Media

As for the media or the medium that will be chosen to deliver the advertisement, these different media that include electronic, print and interactive media, which constitute the channels of communication that will be employed to enhance the reach factor for the brand. The better and more



compatible the media (channel of communication) is, the greater the outcomes of advertising.

The Vendor

Vendors are not directly related to any of the above-mentioned stakeholders. They have an indirect yet significant relationship with the advertising procedure. Consisting of players like freelancers, consultants and self-employed professionals, the vendors actually provide aegis to the advertiser in helping him and the advertising agency to achieve the optimum quality of advertising that will not only be substantial but would also exude adequate charm.

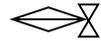
The Target Audience

Last but definitely not the least, it is the target audience that requires the utmost mention. They are the final deciders, the ultimate stakeholders whose consent would be the eventual determinant in shaping the present and future of the advertised brand.

Advertising Agency

An advertising agency, (abbreviated to ‘ad agency’) is a team of experts appointed by a client to plan, produce and place advertising campaigns in the media. The American Association of Advertising Agencies (AAA) defines an advertising agency as “an independent business organisation composed of creative business people, who develop, prepare and place advertisements in the media, for sellers seeking to find customers for their goods and services”.

An advertising agency is a service organisation, which comprises of a body of creative specialists in their respective fields. Very broadly, an advertising agency can be categorized as a “departmental organisation”. There



are major departments for each different function, headed by a department head, who is a specialist in that particular field. All the personnel in the department are responsible to the departmental head. An advertising agency has various departments with a specific task to perform and exhaustive information about these departments and their personnel and function will follow further in the text.

Evolution & History of Advertising Agency

- Volney B Palmer in Philadelphia started the first Ad agency as a space broker in 1841. He acted as a simple agent, selling space for his client newspaper on a commission basis. He made no effort to help the advertiser prepare copy, design a layout and provide the many specialized services now performed by a modern agency.
- Since then, the nature of an agency has changed considerably, but the method of compensation in the form of a fixed percentage of advertising billing continues in spite of the inherent defect of the system, for the agency generally recommends only a higher media budget than may be appropriate.
- It was only by the beginning of this century that the agency started to prepare advertisements and deliver them through the advertisements media. Lord and Thomas was probably the first agency in the USA, with a reputation for creative work in advertising. It hired copywriters, who did a marvelous job. One of the famous advertisement deliveries of this agency was for a new washing machine. Other agencies also started adopting the new services; and soon many advertisement agencies had established departments for copywriting, artwork, layout design, media selection, etc.



- Over the next several decades, the advertisement agency improved the quality of its services, besides offering additional new services at extra charge. Agency growth has never looked back since then. It has grown in size and influence through the years, demonstrating an ability to create effective advertising. Towards the end of the first half of this century, there were several large agencies offering a full range of advertising services. They produced effective advertisements by taking into account consumer psychology and human needs and wants. Creative advertising appeals effectively influenced consumers to buy the advertised products and services. In fact, advertising at this stage, became a part of the overall marketing mix, furthering the sales and marketing strategy.
- An advertising agency is shortened as ad agency. Ad agency is a team of experts appointed by clients to plan, produce and place advertising campaigns in the media. They are called agencies, because literally they are agents of the media who pay them the commission, and the media thus becomes the principal. Media pays commission to only accredited agencies (INS accreditation), The agency works for the client, but draws its sustenance from the media (nearly 75 p.c.).

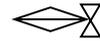
Functions of Advertising Agency

Attracting Clients

- Advertising agency needs clients (advertisers). Without them, it cannot survive.

Account Management

- Within an advertising agency the account manager or account executive is tasked with handling all major decisions related to a specific client.



- The account manager works closely with the client to develop an advertising strategy.

Creative Team

- The principle role of account managers is to manage the overall advertising campaign for a client, which often includes delegating selective tasks to specialists.
- Advertising agency put the advertising-plan into action under its creative function. Creation of ads is the most important function of an ad agency. Generally, it involves activities like:
- Copy writing, drawing photographs, Making illustrations, layouts, an effective ad message, etc.
- These jobs are done by experts like copy writers, artists, designers, etc. These people are highly skilled and creative. They make an advertisement more appealing. Attractive ads help to increase the sales of the product.

Researchers

- Full-service advertising agencies employ market researchers who assess a client's market situation, including understanding customers and competitors, and also are used to test creative ideas.
- Advertising agency gathers information related to the client's product. It collects following information about a product under its research function:
- Features, quality, advantages and limitations of a product, Present and future market possibilities, Competition in the market, Situation in the market, Distribution methods, Buyers' preferences, so on
- Ad agency analyses (studies) all this collected information properly and draws conclusions for its research. It helps in planning an advertising



campaign, selecting proper media and creation function.

Media Planners

- Advertising agency helps an advertiser to select a proper media (ad platform) to promote his advertisement effectively.
- Media selection is a highly specialized function of an ad agency. It must select the most suitable media for its client's ad.
- Advertising agency plans the entire ad campaign of its client. Advertising planning is a primary function of an ad agency. It is done when its research function is completed. That is, after analyzing the client's product, its competitors, market conditions, etc. It is done by experts who use their professional experience to make a result-oriented advertising-plan.
- Once an advertisement is created, it must be placed through an appropriate advertising media.
- Each advertising media, of which there are thousands, has its own unique methods for accepting advertisements, such as different advertising cost structures (i.e., what it costs marketers to place an ad), different requirements for accepting ad designs (e.g., size of ad), different ways placements can be purchased (e.g., direct contact with media or through third-party seller), and different time schedules (i.e., when ad will be run). Understanding the nuances of different media is the role of a media planner, who looks for the best media match for a client and also negotiates the best deals.



Advertising Budget

- Advertising agency helps an advertiser to prepare his ad budget. It helps him to use his budget economically and make the best use of it.
- Without a proper advertising budget, there is a risk of client's funds getting wasted or lost.

Coordination

- Advertising agency brings a good coordination between the advertiser, itself, media and distributors.

Sales Promotion

- Advertising agency performs sales promotion. It helps an advertiser to introduce sales promotion measures for the dealers and consumers. This helps to increase the sales of the product.

Public Relations

- Advertising agency does the public relations (PR) work for its clients. It increases the goodwill between its clients and other parties like consumers, employees, middlemen, shareholders, etc. It also maintains good relations between the client and media owner.

Non-Advertising Functions

- Advertising agency also performs many non-advertising functions:
- It fixes the prices of the product, It determines the discounts, It designs the product, It also designs its package, trademarks, labels, etc.

Structure of Advertising Agency

1) Accounts Executive or Director:

Key Executive of Agency The agency's key executive is Accounts Executive (he is accounts director when he is a



member of the Board in case of a limited agency). Account in advertising parlance means a client. Thus Hindustan Lever is an account for Lintas, or ITC is an account for Lintas. This accounts executive is a link between the agency and client. Functions of Accounts Executives -

- He understands what the client wants.
- He has to get this done through his agency.
- The marketing or sales or advertising department of the client briefs him.
- He communicates this to the agency people.
- He is also called client service executive.

2) Account Planning or Client Servicing

An ad agency's primary function is to create advertising, and account- planning function provides a basis for this. Account Planner has to perform a number of functions.

- Planning the objectives of the advertising: Here he makes use of skills of analysis, synthesis, logic and insight.
- Selecting and evaluating research feedback on the basis of which the team makes judgments and takes decisions.
- Making the objective and the feedback relevant and stimulating to the rest of the team particularly the creative.
- An account planner may not head the account team mayor. But the above function should be attended to. It is better to invest a separate person with the composite responsibility. The positive use of research is establishing a dialogue between the creative team and the consumer is a valuable contribution that' a planner can make.



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3) Accounts Manager

The importance of account management in client-agency relationship is on the decline. Successful account managers are true experts on their client's brand and competitions, and have a clear point of view. Clients talk to them, and use them as sounding boards. The client seeks their advice.

- They are also used as surrogate brand managers, especially for getting things done. Account managers lacking expertise face the threat of extinction.
- Planning in agencies conforms to brand responses - the desired responses that a brand's advertising should generate. But when we advertise, apart from brand responses we also generate advertising responses, - effects on our target audience like amusement, education, entertainment moving effect etc. Many times, these advertising responses are an essential part of what the brand is offering the consumer. Failure to see advertising responses makes our planning remote and ineffective.

4) Copywriters

Modern days' agencies have two major sections. The two sides are supplementary to each other.

- Now the creative section has a team of bright, talented copywriters who do the wording of an advertisement.



- Copywriters contribute to the theme of an advertisement, like a college girl asking another the secret of her flawless complexion, and as an answer coming to know that it is Clearasil Cream. Now this is called copy platform.
- These copywriters report to their head, who may be called Copy Chief or Chief Copywriter.

5) Visualizers

The visualizer puts on paper what has been thought out by the copywriter. He in fact designs the ad. He takes the help of layout artists, typographers' and finished artists who prepare the final artwork. As you will see, creative energies of copywriters must be coordinated with the design energies of the visualizers.

6) Creative Directors

The person who performs this role is called the Creative Director. So now we can put here the organizational structure of the Creative Section of an ad agency. Now we shall come to the studio-based production department, which delivers a complete approved ad copy. This department is in charge of the production manager who has several assistants. For prints ads, these people do typography, lettering, blocks, stereotypes, and electros. They also supply text and artwork for photogravure process.

7) Freelancers

Production manager organizes the workflow (copy and artwork proofs and corrections - final copy as per time schedule). In larger agencies this workflow is under the control of a traffic controller. Some part of the production work can be bought from free-lance sources.

8) Media

The Media planner understands the budget and how the ad is to be allocated in various medias.



9) Marketing Service Department:

In addition to this the agencies also have a Marketing Research Department, which does product research, consumer research, positioning studies, price and distribution research, sales and packaging research and motivational research.

10)Public Relations Cell

The administrative manager, with office, accounts and finance functions are few of the other departments. Some agencies have a separate Public Relations cell. So this is what an agency looks like.

11)Plan Board

The top management of an ad organization consists of a Plan Board. This comprises of a committee of department heads, be it media, accounts, PR, creative, etc. it plans campaigns by consensus.

12)Review Board

The other is the Review Board. This committee reviews and criticizes a campaign, which it has not planned or created.

Types of Advertising Agencies

There are basically 5 types of advertising agencies.

1. Full service Agencies

- Large size agencies.
- Deals with all stages of advertisement.
- Different expert people for different departments.
- Starts work from gathering data and analyzing and ends on payment of bills to the media people.

2. Interactive Agencies

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



3. Creative Boutiques

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

4. Media Buying Agencies

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

5. In-House Agencies

- As good as the full service agencies.
- Big organization prefers these type of agencies which are in built and work only for them.
- These agencies work as per the requirements of the organizations.

There are some specialized agencies which work for some special advertisements. These types of agencies need people of special knowledge in that field. For example, advertisements showing social messages, finance advertisements, medicine related ads, etc.

Advertising Agencies in India

- In India, advertising business is worth Rs. 8,000 crores. There were only 62 advertising agencies in 1958, which increased to 168 in 1978, more than 2.5 times the numbers in 1958. There are more than 500 ad agencies today.



- The oldest and largest advertisement agency in India is Hindustan Thompson Associates Ltd. The second largest advertisement agency is Lintas.
- Mumbai is considered to be the Mecca of Indian advertising. These days' agencies are also being set up at Bangalore, Madras, Hyderabad, Ahmedabad and Delhi.
- In India the ad agencies are sole proprietary concern, partnership or private limited companies.
- It is better to operate agencies on professional lines, rather than as a family. It is good to install MBO (Management By Objectives). An agency must necessarily plough back at least 75 % of its profits into business.
- The advertising agencies are shifting from the creative mode to the marketing mode. Today the onus is on the agency to supply the client with data on his industry; the days of the clients briefing the industry are almost over. The agencies are expected to maintain database. There is a leaning towards software for optimizing media usage, and computerization of studio functions.
- In India, the legal structure of ad agencies is that of a small proprietary concern or a big partnership. Sometimes, they are private limited companies, either big or small.
- Indian advertising is a fragmented business. There are over 733 agencies accredited to INS. The top 25 account for 50% of all billings. In addition, there are many accredited agencies.
- It is the top 25 agencies, most of which are headquartered in Mumbai, that set the pace and define the shape of the industry.
- Agencies like HTA, Lintas, Clarion and O & M have shaped the entire advertising industry in the country. Many Indians firms are coming up, by importing Western ad techniques.



- Many agencies die a premature death. Most people do not appreciate that an agency –like any other business - must be properly managed. It is simply not enough just to have great idea. In recent years, there has been a healthy trend towards sound management practices, especially financial planning and control.
- This is a highly paid profession. It is a conspicuous high wage island. People operate on high profile. Their life-styles are opulent because of high expense accounts ‘of entertaining clients. They got their elitist brand due to this reason. But high salaries and freedom are necessary to attract talents.
- Women have been an integral part of this profession. We have examples of Rhoda Meha; (OBM, Media Director), Nargis Wadia (Interpub, MD), Usha Katrak (ASP for many years), Tara Sinha (Tara Sinha Associates Delhi; Formerly, Clarion).

Marketing is an integral part of any startup or business. Advertisement is a great way to promote your products, services on various platforms. Whether it is a newspaper, a magazine, YouTube, or online streaming platforms like Netflix, Amazon Prime, Spotify, or huge advertisement boards all around our cities. But it is important to create advertisements that leave a lasting impact on customer's minds. Luckily, there are top advertising agencies in India that can help you create good marketing campaigns.

These advertising agencies help design and display advertisements for various brands and companies. These top advertising companies provide advertising services across all these platforms and services such as digital marketing, Facebook marketing, Google AdWords, and more.



Unit – 2

ADVERTISEMENT BUDGET

The advertising budget is actually one of the important components of marketing budget. Advertisers must first analyse the expected results and then only invest in any campaign. Campaign goals and objectives must be first determined and budget should be set accordingly. A well planned budget helps ineffective utilization of funds and avoids wastage. There are different techniques of setting the ad budget which are discussed below:

1. Based on previous years' expenditure on advertising.
2. Percentage of sales technique, here advertisers assess the annual sales and then set budget.
3. At par with competition, meaning whatever is spent by the competition equal budget is set by the advertisers.
4. Objective-based budget, here advertisers first consider the available funds and then either cut the number of objectives or prioritize them according to the existing funds.

Factors Influencing Advertising Budget

- 1. Advertising Plans:** The advertising objectives, strategies and programmes determine the total amount of expenditure to be incurred by the company for advertising purposes. The internal as well as external opportunities are evaluated for the appropriation. The objectives refer to advertising opportunities which can be exploited by the company.



- 2. Marketing Opportunities:** Marketing opportunities determine the amount of appropriation. Advertising should exploit the potential of the market. The characteristic of consumers and their respective requirements would suggest the total amount of funds to be utilised by the company. Marketing opportunities are different in different markets, so the quantum of advertising appropriation has to be differently determined to arrive at the total amount to be budgeted.
- 3. Competition:** The nature and pressure of competition influence the size of the appropriation. A greater intensity of competition may call for larger funds for advertising. Competitive advertising helps expand demand. Domination of media or markets by the competition may call for larger funds.
- 4. Product Life Cycle:** The product life cycle is also an important determinant of the size of the total budget. Consumer awareness and increased usage are taken into account to determine the level of advertising and costs. A knowledge of the life cycle of several products of the company is helpful in determining the size of the appropriation and the budget.
- 5. Costs of Advertising:** The total costs of advertising are decided for appropriation. The advertising costs include the expenses incurred on developing and preparing advertisements, designing the message and selecting the media. The fees for action, direction, the costs of building sets and travelling to locations, tape recording and visual cassette recording, expenses on print media and broadcast media, etc., are included in the costs of advertising.
- 6. Type of Product:** The type of product to be marketed determines the size of the appropriation. Consumer products require a larger advertising budget than industrial products. If the opportunities for product



differentiation are substantial, the returns on advertising will be higher than those on undifferentiated products.

- 7. Retailing:** Advertising will be less in demand if retailing is co-operative and effective. If retailers do not communicate product attributes to consumers, advertising becomes essential. Advertising and retailing create a demand for the product in the market.

Procedures of Advertising Budget

- 1. Preparation of Budget:** The advertising budget generally prepared by the advertising manager in consultation with marketing manager. The advertising budget mainly made on the basis of inputs such as; type of product, target market, demographic composition, advertising copy, and media; provided by the marketing research people.
- 2. Presentation and Approval of Budget:** Once the advertising budget prepared by the advertising managers, it is presented in front of the top management for the approval.
- 3. Execution of the Budget:** After approval, the approval process, the advertising manager execute the overall budget. At the time of execution, the budget allocation are to be considered for various activities.
- 4. Control of Budget:** Once the advertising department of an organization execute the budget, the result come out. So in this stage of advertising budget process, the management ensures the correct use of advertising budget by evaluating the overall effectiveness of advertising programme.



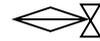
Approaches to Advertising Budget

1) Top Down Approach

- Top Management sets the spending limit.
- Advertising budget is set within the allocation limit
- Advertising objectives and activities are planned according to the set budget.
- It is a Judgemental Approach
- Budget is not linked to the objectives.
- This leads to predetermined budget allocations which are not related to advertising objectives.
- Methods – Affordable Method, Arbitrary Allocation, Percentage of Sales, Competitive Parity, Return on Investment.

The top-down approach of budget setting includes following methods:

- (a) Affordable Method:** Under this approach, a company spends as much on advertising as it can afford. It can spend for advertising as much as the funds permit. From the name itself, it is clear that the affordable amount set aside for advertising is known as affordable method. This approach appears to be more realistic, for all companies generally spend that much amount on advertisements which they can afford, even though they may not say so. As advertising outlays are growing out of all proportions in the modern business, this method seems to provide a basis for many firms with regard to advertising outlet. Generally, a firm has to take into account the financial constraints while resorting to advertisement schemes.
- (b) Arbitrary Allocation:** In this method, the budget is determined by the manager solely (alone) on the basis of his/her judgment, or without any rationality or rule.



(c) Percentage of Sales: This method is one of the most widely used method for setting the appropriation. “Percentage of sales method is based on the previous year’s sales, on estimated sales of coming year or on some combination of these two”. This method includes following two:

- **Straight percentage of sales**
- **Percentage of unit cost.**

(d) Competitive Parity: This approach is followed by organizations whose product is well established and operating in market with predictable sales pattern. Organizations following this approach compare their advertising spending with that of its competitors. As the organization is aware of how much its competitors are spending in advertising, it can logically decide its advertising budget either equal, more, or less to that of the competitors. Here considering competitors advertising budget organization should consider its objectives too, as the competitor’s objectives may not be similar or comparable.

(e) Return on Investment: This method, also referred to as ‘rate on investment’ or ‘incremental method’, considers advertising and promotion as investments, like plant and equipment. Therefore, investment in the budgetary appropriation i.e. expenditure on advertising and promotion is expected to bring certain returns. This method measures the return in terms of increased sales on spending advertisement appropriation in comparison to the sales on not spending anything.

Bottom/Build Up Approach

- Advertising objectives are set.
- Activities necessary to achieve objectives are planned.



- Costs of different advertising elements are budgeted.
- Total advertising budget is approved by top management.
- Budget is allocated on the basis of activities considered essential to accomplish the objectives.
- Methods – Objective and Task Method, Pay-out Planning, Experimental Method

The bottom-up Approach Includes Following Methods:

(a) Objective and Task Method

The objective and task method includes the following three steps.

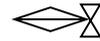
- Defining the communication objectives to be accomplished.
- Determining the specific strategies and task needed to attain them.
- Estimating the costs associated with performance of these strategies and tasks.

(b) Pay-out Planning Method

The method is widely used for making advertising budget for the new product. A pay-out plan is developed to determine how much to spend.” The basic idea behind pay-out planning method is to project the revenues the product will generate over two or three years, as well as the cost it will incur.” This method is based on the expected rate of return. This method is helpful for determining how much advertising expenditures will be necessary when the return might be expected.

(c) Experimental Method

In the experimental method varying advertising expenditures are used in different cities. For example, the advertising expenditure in Pune may be greater than the advertising expenditure in Hyderabad. Then sales in the two cities are compared to find out which is optimum



level of expenditure look alike, was a striking television commercial that immediately gained attention

Regulation of Advertising

Advertising regulation is a fascinating subject, and it is heavily determined by political attitudes. Those who believe in less government and think that business should be left alone to regulate itself tend to favour less advertising regulation. Others who believe government has a role to play tend to want more legislation and government regulation.

To understand advertising regulation, a host of issues need to be addressed. One advertisement claimed that a hair dye would colour hair permanently. If someone exposed to the advertisement believed that the dye would hold for hair not yet grown and thus a single dye would last for decades, **is the claim deceptive?** Coming to Indian experience, put brand X fairness cream and you will get married.

A basic issue in the enforcement of these laws against deceptive advertising, to which we now turn, is how to define and identify deception.

Conceptually, deception exists when an advertisement is introduced into the perceptual process of some audience and the output of that perceptual process.

1. Differs from the reality of the situation and
2. Affects buying behaviour to the detriment of the consumer.

The input itself may be determined to contain falsehoods. The more difficult and perhaps more common case, however, is when the input, the advertisement, is not obviously false, but the perceptual process generates an impression that is deceptive. A disclaimer may not



pass through the attention filter or the message may be misinterpreted.

Dividing the definition into its three major components, it states that deception will be found if

1. There is a misrepresentation, omission, or practice that is likely to mislead.
2. The consumer is acting responsibly (or reasonably) in the circumstances.
3. The practice is material and consumer injury is possible because consumers are likely to have chosen differently if there was no deception.

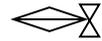
A Misrepresentation or Omission

There are a variety of ways in which misrepresentations or omissions can occur:

1. Suggesting that a small difference is important.
2. Artificial product demonstrations
3. Using an ambiguous or easily confused phrase.
4. Implying a benefit that does not fully or partially exist.
5. Implying that a product benefit is unique to a brand.
6. Implying that a benefit is needed or that a product will fulfill a benefit when it will not.
7. Incorrectly implying that an endorser uses and advocates the brand.
8. Making a claim without substantiation
9. Bait and switch
10. Identifying the advertising
11. Telemarketing
12. Intellectual property

Advertising Standards Council of India (ASCI)

ASCI consists of a Board of Governors and a Consumer Complaints Council. The Board of Governors



comprises four members from each of the four sections connected with the advertising industry:

- Advertisers
- Advertising Agencies
- Media (owners of press, television, radio etc.)

Related sectors (e.g. outdoor agencies, PR, market researchers, ad producers, business schools) The ASCI Code: Self-Regulation of Advertising to regulate advertisement in India, ASCI has adopted a Code for Self-Regulation in Advertising ("ASCI Code"), which applies to all involved in the commissioning, creation, placement, or publishing of advertisements. This ASCI Code applies to advertisements read, heard, or viewed in India even if they originate or are published abroad so long as they are directed to consumers in India or are exposed to a significant number of consumers in India.

Though non-statutory, the ASCI Code is recognized under various Indian laws in addition to being adopted by advertising- industry bodies. Notably, the ASCI Code provides that it is not in competition with any law, its rules, or the machinery through which they are enforced, thus the ASCI Code is designed only to complement legal controls under such laws and not to usurp or replace them.

“THE CODE FOR SELF-REGULATION IN ADVERTISING PERTIENT EXTRACTS” was adopted by “The Advertising Standards Council of India” in November 1985.

Introduction at present in India, there is no central statutory agency or uniform legislation regulating the advertising industry. The Indian advertising market as a whole is regulated and controlled by a non-statutory body, the Advertising Standards Council of India (ASCI). In the absence of uniform integrated legislation, it is necessary for advertisers to ensure that an advertisement



is in compliance will all local and national advertisement laws.

Laws: Statutory Regulation of Advertising

Complementing the ASCI Code are Indian laws governing specific media, specific populations, and specific goods and services. The most significant of these laws are listed here.

Laws Governing Media

- The Press Council Act 1978
- Cable Television Network Rules, 1994
- Code for Commercial Advertising on Doordarshan and All India Radio
- Electronic Media Monitoring Centre (EMMC)
- Norms for Journalist Conduct issued by the Press Council of India
- Code of Conduct of the News Broadcasters Association

Laws Protecting Society and the Consumer (Reference Only)

- Emblems and Names (Prevention of Improper Use) Act, 1950
- Young Persons (Harmful Publications) Act, 1956
- Companies Act, 1956
- Standards of Weight & Measures Act, 1976
- Indecent Representation of Women (Prohibition) Act, 1986
- Consumer Protection Act, 1986
- Laws related to Intellectual Property Rights

Social, Economic and Ethical Aspects of Advertising

Advertising is praised but also criticized by critics in their own ways. Advertising has many positive impacts along with its negative pictures.



Economic role of Advertising

- a. Value of Products:** The advertised products are not always the best products in the market. There are some unadvertised products also present which are good enough. But advertising helps increase value for the products by showing the positive image of the product which in turn helps convincing customers to buy it. Advertising educates consumers about the uses of the products hence increasing its value in minds of the consumers. For e.g. mobile phones were first considered as necessity but nowadays the cell phones come with number of features which makes them mode of convenience for consumers.
- b. Effect on Prices:** Some advertised products do cost more than unadvertised products but the vice versa is also true. But if there is more competition in the market for those products, the prices have to come down, for e.g., canned juices from various brands. Thus some professional like chartered accountants and doctors are not allowed to advertise. But some products do not advertise much, and they don't need much of it and even their prices are high but they are still the leaders in market as they have their brand name. e.g., Porsche cars.
- c. Effect on consumer demand and choices:** Even if the product is heavily advertised, it does not mean that the demand or say consumption rates will also increase. The product has to be different with better quality, and more variety than others. For E.g., Kellogg's cornflakes have variety of flavours with different ranges to offer for different age groups and now also for people who want to loose weight thus giving consumers different choices to select from.
- d. Effect on business cycle:** Advertising no doubt helps in employing more number of people. It increases the pay rolls of people working in this field. It helps



collecting more revenues for sellers which they use for betterment of product and services. But there are some bad effects of advertisements on business cycle also. Sometimes, consumer may find the foreign product better than going for the national brand. This will definitely effect the production which may in turn affect the GDP of the country.

The economic aspects are supported by the Abundance Principle which says producing more products and services than the consumption rate which helps firstly keeping consumers informed about the options they have and secondly helps sellers for playing in healthy and competitive atmosphere with their self-interest.

Social role of Advertising

There are some positive and some negative aspects of advertising on the social ground. They are as follows.

- a. **Deception in Advertising:** The relation between the buyers and sellers is maintained if the buyers are satisfied with what they saw in advertise and what they got after buying that product. If seller shows a false or deceptive image and an exaggerated image of the product in the advertisement, then the relation between the seller and buyers can't be healthy. These problems can be overcome if the seller keep their ads clean and displays right image of the product.
- b. **The Subliminal Advertising:** Capturing the Minds of the consumers is the main intention of these ads. The ads are made in such a way that the consumers don't even realizes that the ad has made an impact on their minds and this results in buying the product which they don't even need. But "All ads don't impress all consumers at all times", because majority of consumers buy products on basis of the price and needs.



- c. Effect on Our Value System:** The advertisers use puffing tactics, endorsements from celebrities, and play emotionally, which makes ads so powerful that the consumers like helpless preys buy those products. These ads make poor people buy products which they can't afford, people picking up bad habits like smoking and drinking, and buy products just because their favourite actor endorsed that product. This affects in increased the cost of whole society and loss of values of our own selves.
- d. Offensiveness:** Some ads are so offensive that they are not acceptable by the buyers. For example, the ads of denim jeans showed girls wearing very less clothes and making a sex appeal. These kinds of ads are irrelevant to the actual product. But then there is some ads which are educative also and now accepted by people. Earlier ads giving information about birth control pills was considered offensive but now the same ads are considered educative and important.

But at the last, there are some great positive aspects which help

- Development of society and growth of technologies
- Employment
- Gives choices to buyers with self interest
- Welcomes healthy competition
- Improving standard of living.
- Give information on social, economic and health issues.

Ethics in Advertising

Ethics means a set of moral principles which govern a person's behaviour or how the activity is conducted. And advertising means a mode of communication between a seller and a buyer. Thus ethics in advertising



means a set of well-defined principles which govern the ways of communication taking place between the seller and the buyer. Ethics is the most important feature of the advertising industry. Though there are many benefits of advertising but then there are some points which don't match the ethical norms of advertising.

a) An ethical ad is the one which doesn't lie, doesn't make fake or false claims and is in the limit of decency

Nowadays, ads are more exaggerated and a lot of puffing is used. It seems like the advertisers lack knowledge of ethical norms and principles. They just don't understand and are unable to decide what is correct and what is wrong.

b) Ethics in Advertising is directly related to the purpose of advertising and the nature of advertising:

Sometimes exaggerating the ad becomes necessary to prove the benefit of the product. For e.g. a sanitary napkin ad which shows that when the napkin was dropped in a river by some girls, the napkin soaked whole water of the river. Thus, the purpose of advertising was only to inform women about the product quality. Obviously, every woman knows that this cannot practically happen but the ad was accepted. This doesn't show that the ad was unethical.

c) Ethics also depends on what we believe:

If the advertisers make the ads on the belief that the customers will understand, persuade them to think, and then act on their ads, then this will lead to positive results and the ad may not be called unethical. But at the same time, if advertisers believe that they can fool their customers by showing any impractical things like just clicking fingers will make your home or office fully



furnished or just buying a lottery ticket will make you a millionaire, then this is not going to work out for them and will be called as unethical.

Recently, the Vetican issued an article which says ads should follow three moral principles –

1. Truthfulness
2. Social Responsibility and
3. Upholding Human Dignity

Generally, big companies never lie as they have to prove their points to various ad regulating bodies. Truth is always said but not completely. Sometimes it's better not to reveal the whole truth in the ad but at times truth has to be shown for betterment.

- a) **Pharmaceutical Advertising** - they help creating awareness, but one catchy point here is that the advertisers show what the medicine can cure but never talk about the side effects of that same thing or the risks involved in intake of it.
- b) **Children** - children are the major sellers of the ads and the product. They have the power to convince the buyers. But when advertisers are using children in their ad, they should remember not to show them alone doing work on their own like brushing teeth, playing with toys, or infants holding their own milk bottles as everyone knows that no one will leave their kids unattended while doing all these activities. So showing parents also involved in all activities or things being advertised will be more logical.
- c) **Alcohol** - till today, there hasn't come any liquor ad which shows anyone drinking the original liquor. They use mineral water and sodas in their advertisements with their brand name. These types of ads are called surrogate ads. These type of ads are totally unethical when liquor ads are totally banned.



Even if there are no advertisements for alcohol, people will continue drinking.

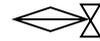
- d) Cigarettes and Tobacco** - these products should be never advertised as consumption of these things is directly and badly responsible for cancer and other severe health issues. These as are already banned in countries like India, Norway, Thailand, Finland and Singapore.
- e) Ads for social causes** - these types of ads are ethical and are accepted by the people. But ads like condoms and contraceptive pills should be limited, as these are sometimes unethical, and are more likely to loose morality and decency at places where there is no educational knowledge about all these products.

Looking at all these above mentioned points, advertisers should start taking responsibility of self-regulating their ads by:

- Design self-regulatory codes in their companies including ethical norms, truth, decency, and legal points
- Keep tracking the activities and remove ads which don't fulfill the codes.
- Inform the consumers about the self-regulatory codes of the company
- Pay attention on the complaints coming from consumers about the product ads.
- Maintain transparency throughout the company and system.

When all the above points are implemented, they will result in:

- Making the company answerable for all its activities
- Will reduce the chances of getting pointed out by the critics or any regulatory body.
- Will help gain confidence of the customers, make them trust the company and their products.



Law Aspects of Advertising

- Because this is a communication industry, the First Amendment of the U.S. Constitution limits government's role in regulating advertising. There are, however, regulatory standards imposed by government to ensure fair competition and protect consumers from deception.
- The Federal Trade Commission (FTC) is the primary federal agency governing the advertising industry. The FTC is focused on eliminating advertising deception. The Federal Communication Commission (FCC), too, is involved through its oversight of broadcast media.
- In its role, the FCC maintains a certain level of decency and decorum, having the authority to fine broadcasters for violating mandated standards. The Food and Drug Administration (FDA) also plays a role, monitoring claims regarding food and drugs.
- In addition, industry has created a major self-regulatory mechanism designed to supplement government regulation. The National Advertising Review Council (NARC) accepts and reviews consumer complaints about advertising.
- It has created a process for charging advertisers with violating accepted standards, judging their compliance, and enforcing subsequent corrective actions. Regulation and self-regulation are no less needed for advertising than for any other industry of its size and complexity.
- Indeed, it is complex. There are many different parts that must work together to make advertising.



Unit – 3

ADVERTISEMENT COPY & MEDIA

Advertisement Copy

Meaning

A “Copy” means a written matter in any advertisement. It may consist only one word or many words. A copy consists of headlines, subheads, captions etc. The copy supports the illustration and contains description of the products merits, demerits, uses, services etc. A copy is the heart of an advertisement. It shoulders the responsibility for influencing the buyers.

Characteristics of a Good Copy:

1. **Brevity:** A copy should be brief because readers have no time to go through the lengthy text and they must be able to, read within a short time. So a copy should use simple language and small and easy words. The message should be concise and precise.
2. **Clarity:** A copy should be self-explanatory. The message to be delivered must be clear at first reading.
3. **Aptness:** The message should be pointed towards the prospects. It must have a tone agreeable to the respects. The viewers’ attention should be led to the product and the message should be coached in such a way that it would create interest in the readers to read the message.



4. **Interesting:** A copy should be interesting-provoking. It must stimulate the readers' curiosity to read the message. The reader should himself decide to read, the message in detail.
5. **Sincerity:** Sincerity can be achieved by using acts and quoting figures.
6. Vague generalizations or stray opinions must be avoided. Sincerity can be achieved if the copy contains one or two illustrations so that the message will have an instantaneous appeal.
7. **Personal:** The message should be directly addressed to the readers so that every reader forms the opinion that it is directed to him only. This kind of direct personal attitude catches and retains the reader's or listener's attention.
8. **Convincing:** A copy provides information with a view to create in the mind of a reader first a desire and then a conviction to possess the product. This means that the copy should be persuasive enough to lead the readers towards buying the product.

Basis of Copywriting Contents of an ad-copy

- Headline
- communicates the selling point Subhead
- includes important information not included in the headline
- stimulates more reading
- Call to action or close
- Logo and/or Tagline

Types of Headlines

- News
- Self-interest or target specific
- Claim
- Directive or command



- Offer advice
- Horn blowing
- Slogan, label, or logo
- Curiosity or provocative

Tips on Copywriting

- Length determined by familiarity
- Brief
- Memorable
- Avoid generalities
- Use facts, not claims
- Copy must flow from the headline

Focus on a single benefit

- Use present tense
- Active verbs
- Familiar words or phrases
- Involve the reader
- Provide support
- Avoid puffery or cliches

Choose an Approach

- How do advertisers decide?
- Inform, persuade or entertain
- Elements to Consider:
 - Tone
 - Style
 - Appeal

Copywriting Formats

- Dialogue delivers selling points through characters
- Straight-line = straightforward why
- Testimonial = person has a one-sided conversation
- Narrative = series of statements-dull
- Direct response = urgency



Elements of Copy

A copy normally includes the following elements or parts:

- 1. Main Headline:** A headline in advertising grabs the attention much like a newspaper's headline. An advertising headline is designed to be the first copy the potential customer reads. Bold, large font size and various colours are some of the methods used to make the headline stand out from copy. A headline must be written well in order to be effective and draw the reader into the ad. Headlines is the starting or the top line of an advertisement, usually printed in bold and of larger type size. The prime function of the headline is to gain immediate attention.
- 2. Sub-Headlines:** At times, some ads have more than one headline. Of these, one is usually the main headline, and the others are sub-headlines. There may be over lines - that precede the main headline and there can underlines - that follow the main headline. The sub headlines are used to support or to complete the meaning of the main headline.
- 3. Body Copy:** It refers to the text of the advertising message. Favorable information about the product and its features is provided in the copy text. It is through effective copy writing the audience can be converted into prospects and the prospects into customers.
- 4. Captions:** Captions do form part of copy text. Captions are small sentences that seem to come out the mouth of the people shown in the ads. Comic strip type of copy makes use of captions. For example, you must have come across such captions in the print ads of Tortoise Mosquito Coil.
- 5. Slogans:** Advertising slogans are short, often memorable phrases used in advertising campaigns. They are claimed to be the most effective means of

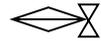


drawing attention to one or more aspects of a product. Most ads do make use of slogan. It is a small catchy phrase used to sum up the advertising message. Ideally the slogan should be short, preferably 3 to 6 words. Many a times the slogan says it all. For instance, “The best tobacco money can buy” Rothmans.

- 6. Logo:** Logos or signature cuts are special designs of the advertiser or its products which are used to facilitate identification. There is no rule as to where a logo should be placed. However, in most of the cases, the logo is placed at bottom right.

Types of Advertisement Copy

- 1. Scientific Copy:** A Scientific copy is prepared for technical products describing about the features, advantages, uses, contents and all the technical details about it. It is prepared for machineries, computers etc. Scientific copy is directed, towards well versed customers who know about the product. For instance, a medicine may be advertised to appeal to doctors. Thus, it explains the ordinary people in general and professional men in particular about the technicalities of the product.
- 2. Descriptive Copy:** It is a non-technical copy presented in such a manner that any layman can easily understand. It does not require a professional expert to the copy. It is just an ordinary, announcement of a new items.
- 3. Narrative Copy:** It is in the form of a fictitious story which narrates the uses advantages, after effect etc., of the product. The story narrated is humorous to make it interesting.
- 4. Topical Copy:** This copy establishes a connection between the product and a particular happening e.g.,



A watch company may advertise that those who were successful in climbing Mount Everest had with them the watches of the company thus proving their excellent quality.

- 5. Personality Copy:** This copy takes advantages of the opinion of an important personality. The statements are made by leading personalities like sportsman, film actors, politicians etc. Their statements act as certificates about the superior quality to increase the sales.
- 6. Colloquial Copy:** In this type, informal language may be used to convey the message. The terms which are used in daily conversation are in the copy.
- 7. Reasoning Copy:** It is one which reasons to the customer as to why he should buy a product. This copy explains to the customer in detail all the particular product must be purchased.
- 8. Questioning Copy:** In this type, the text asks one or more questions to readers not for any answer but only for the sake of response to it. For e.g. Do you want a quiet holiday in Summer? (Then stay at Hotel ABC at the XYZ hill station).
- 9. Prestige Copy:** In this type, the position and prestige of the customer is emphasized. It creates a favorable atmosphere by changing the position of the customer for the sale of product. Normally luxury items are advertised by such copies.

Copywriting

Copywriting is the skill of choosing the right words and technique of arranging them smartly to promote business, product, service, idea, or a person. The selection of words and its presentation largely depends upon the media through which it is planned to convey. For example, depending on whether it is a newspaper,



magazine, hoarding, radio, television, or internet, the script will vary accordingly.

However, whatever is the type of media, the purpose of copywriting is the same i.e. promotion. Therefore, it should be persuasive enough to be instantly attention grabbing.

Elements of Copywriting

Copywriting has some essential elements required to develop a convincing ad. Following are the significant elements –

- a) Heading** – Headline gives the first impression and lasts on readers' mind, therefore, it should be eye-catching. Heading should tell – what it is all about your ad in a very few words, ranging from 3 to 30 words.
- b) Body copy** – Write body copy in such a way that it seems as the continuity of the heading. Provide details of all the features and benefits that you are claiming for. The language should be promising and trustworthy.
- c) Slogans** – Think of "The ultimate driving machine" (BMW); "Just do it" (Nike); "Because I'm worth it" (L'Oréal), what comes to your mind? The moment, you hear the slogans, you link it with the respective brand not only because you have heard it many times, but rather it works. A well-written and effective slogan is a trustworthy brand representative. However, your slogan should be small and crispy giving meaning to your brand.
- d) Taglines** – Taglines are usually used for literary products to reinforce and strengthen the audience's memory of a literary product. For example, "she went in search of answers, and discovered a love she never expected," Book Name "Faithful" and Writer - Janet



Fox. Thus, tagline tells the gist of the products for marketing purpose. Like, a slogan, it should be small and eye-catching.

- e) **Jingle Lyrics** – More often accompanied with background music, jingle lyric is a short slogan, tune, or verse written to be easily remembered (especially used in advertising). For example, Fanta: "Wanna Fanta, Don't You Wanna?" It should be small, crisp, and rhythmic (like a song) so that it registers with people at once and they remember it.
- f) **Scripts (for audio and video ad)** – Scripts are the descriptions of an ad that narrates the dialogues, actions, expression, and movements of characters. Since, script is a complete guidelines of an ad; therefore, it should be written meaningfully, orderly, and nicely.
- g) **Others** – (White Paper, Press Release, & other written material such as emails, articles, and blog (for the internet)): These are all promotional write-ups written purposefully to promote a particular product/service. So, while writing white paper, press release, articles, blog, or even an email you need to focus or emphasize ONLY on one product that you want to promote. You need to describe all features and offers of the respective product in simple and plain language.

Copywriting Techniques

Following are the techniques of persuasive copywriting –

- Use Action Words – Such as watch, look, ask, get, etc.
- Use of Buzzwords – Normally, buzzwords are eye-catching such as now, today, etc.
- Use Exciting or Emotive words – Such as amazing,
- wonderful, beautiful, etc.



- Use Alliteration – Use meaningful words of similar sound. For example, Don't be vague, ask for Haig.
- Use Colloquial words – Colloquialisms in copywriting is pretty popular and effective. For example, 'Pick 'n Choose.'
- Use Punctuation – Proper use of punctuations and grammar is an important aspect so that you can pass the right message.

Advertisement Layout

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.

In other words, layout is the visual plan for arranging the elements of an advertising message in printed form. Advertising layout deals with proper and attractive physical arrangement for the presentation of the advertising message or the sales communication.

Principles of Good Layout

1. Focus on Dominant Element
2. Unity of All AD Parts
3. Good use of Contrast
4. Right Balance of Elements
5. Maintain Proportion of Space
6. Follow the Eye Movement



7. Simple and Uncomplicated Layout
8. Ease of Readability
9. Use of Whitespace
10. Clarity of AD Message
11. Good Ad Background or Atmosphere
12. Long Lasting First Impression

Media

The term ‘media’ means “channels of communication”. Advertising media refers to the various media channels through which advertising is done. Advertising media is used for showcasing promotional content which is communicated in various forms such as text, speech, images, videos using TV, radio, online, outdoor etc. Basically these are channels through which companies can advertise their products and services to reach to customers.

Traditional media has been used in the advertising world for years. These include newspaper, magazines, radio, television, outdoor, cinema advertising, and direct mail and so on. Traditional media are the most common form utilized by advertisers since decades. Over the course of last years, more businesses are making use of new age media to reach target audience. The new age media is said to be the future of advertising, social media advertising, mobile advertising and so on. Each of these are means in which businesses have the capability to reach consumers and other businesses with ease.

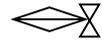
Factors to Be Considered While Selecting Media/ Media Vehicles

No advertiser can rely only on one medium to reach his target audience. Hence, it is advisable to choose a media mix for advertising products. A combination of media types is known as media mix. The advertiser has



to consider the following factors while selecting a suitable media mix:

- 1. Nature of the product:** The type of the product affects the choice of media. Mass media are used for advertising consumer products; while trade magazines can be effectively used to advertise industrial products. Products of daily use can be effectively advertised through newspapers or radio; on the other hand, products having niche markets can be effectively advertised in magazines of special interest.
- 2. Advertising Budget:** It is one of the most important factors to be taken into account while making the choice of the media. In case of limited funds, use of expensive media like television and radio cannot be made. On the other hand when large funds are available, the advertiser can not only make use of a variety of media but also expensive ones.
- 3. Competitor's Strategy:** An advertiser's media decisions are influenced by the competitor's strategy. Since the advertiser tries to reach the same audience as his competitors, he may use the same media mix used by the competitors.
- 4. Target Audience:** The advertiser has to consider the type of consumers to whom the message has to be directed. The media selected must reach the desired group of people. For example, cosmetics can be effectively advertised through women magazines, If the advertiser wants to reach men who are professionals, newspapers such as Economic Times or The Financial Express will be appropriate choice.
- 5. Advertising Objectives:** The advertising objectives affect the choice of the media. For example, if the objective is to create awareness about the brand then the advertiser is likely to go for more media options.
- 6. Availability of Media Space & Time:** Media space and time have to be booked in advance especially in case of popular media slots. This is due to tremendous



increase in competitive activity. When an advertisement has to be placed immediately then the advertiser has little choice but to use the available space and time.

- 7. Media Restrictions:** At times, certain restrictions are placed either by the government or by the media itself. For example, in India the government does not permit advertisements of cigarettes and alcoholic drinks and Doordarshan. In such a case the advertiser has to select alternative media for advertising his products.
- 8. Language:** In India, this an important consideration. Depend upon the particular linguistic group to be reached, a particular language newspaper or television and radio programme must be used. For example, if the product has to be advertised in Maharashtra, use of Marathi newspapers can be made. However, for a national market, use of Hindi or English language would be suitable.
- 9. Prestige of the Media:** Prestige of the advertising medium may be transferred to the advertised product. For example, when advertising appears in the Times of India, the image of the newspaper may be transferred to the advertised product. This enhances the status of the advertiser and adds to his goodwill. Sponsoring of prestigious programmes such as World Cup matches, Olympics, the Oscar Awards etc. are looked upon as prestigious advertising opportunities.
- 10. Media Flexibility:** Flexibility refers to the ability of the media to adapt to changing needs of the advertisers. Newspaper advertising enjoys flexibility as the advertisements can be changed or withdrawn by giving a short notice to the publisher. On the other hand, Doordarshan Offers little flexibility as it involves a lengthy procedure of getting the story board the TV commercial approved.



Types of Media

Print Media

Print media refers to paper publications circulated in the form of physical editions of books, magazines, journals and newsletters. Print media advertising is a form of advertising that physically printed media, such as magazines and newspapers to reach consumers, business customers and prospects.

(a) Newspaper Advertising

Newspapers have always been one the most important advertising media. These are the earliest forms of press advertising. Even though we are living in the technologically advanced time, the daily newspapers are still very effective and powerful print medium of advertising. Advertisers spend a sizable share of the total advertising budget in newspapers. In our country, newspapers virtually reach most of the homes in the cities and many members of the family read them. There are national, regional and local newspapers cover short stories, editorial contents and of course a number of advertisements.

(b) Magazine Advertising

Magazine advertising is another form of press publicity. Magazines are periodic publications. They have a longer life. Magazines may be weekly, quarterly fortnightly or monthly publications. Magazines are of different types. There are, magazines for general public or for special class. Some of these include:

- i) **General consumer magazines** such as Readers Digest, The Illustrated weekly, India Today etc.
- ii) **Women magazines** such as femina, women's Era, Eves Weekly etc.
- iii) **Film magazines** such as stardust, star and style etc.



- iv) **Sports Magazines** such as Sports Star, Sports Week etc.
- v) **Business magazines** such as Business Week, Business India, Business World etc.
- vi) Other specialized magazines such as children's magazines, computer magazines, fashion magazines, investment magazines, automobile magazines etc.
- vii) There are also some magazines devoted to religion, education, health, medicine, art, agriculture and so on. The use of colour, glazed and art paper, off-set printing etc. has improved the quality of magazines. This makes magazine advertising attractive.

Radio Advertising

Radio broadcasts started in India in 1927 with two privately owned transmitters at Bombay and Calcutta. In 1930, the government took them over and started operating under the name of Indian Broadcasting Service. Thereafter, in 1936 the name was changed to All Indian Radio (AIR). Commercial broadcasting on the radio was introduced in May 1970 and commercials were introduced from 1st April '1982'. As an advertising medium, radio witnessed a decline after different. Radio has once again regained popularity especially with privatization (introduction to FM channels).

Radio advertising takes the form of spot announcements and sponsored programmes. Spot announcements are short- advertisements of a duration for 15seconds to one minute. They are repeated time and again. They are introduced in the interval between two songs or programmes. Sponsored programmers are interviews, plays stories, songs, and listener's request and so on. Advertisements are inserted and repeated



during the programmes. Commercial advertising on radio gives substantial revenue to the government.

Television Advertising

Television is a fast growing medium of mass communication in India. It is being used extensively for advertising. It is the most effective medium of advertising due to both audio and visual impact. It is extremely popular with the advertisers and viewers. Due to its wide coverage, it has low cost per reach. In India, Doordarshan started its transmission of 3 days in a week as an experimental service in Dec 1959 was transmitted on 1st January 1976. Doordarshan, the national channel of India reaches over 90% of the population. Television in India is more than 1000 television channels. India also has a strong network of cable TV. Cable TV advertising allows advertisers to reach out to local audience.

Viewership data for TV in India is reported by Broadcast Audience Research Council (BARC). (BARC) is a consortium of broadcasters, advertisers, and advertising and media agencies, via their apex bodies.

TV advertising takes the form of short commercial as well as sponsored programme. It is an expensive means of mass communication. Hence, the only big advertisers with a sound financial position can make use of this medium.

Out of Home / Outdoor Advertising

Outdoor advertising is also known as out of home advertising. Outdoor advertisements are the advertisements which attract the customers when they are out of their homes. Outdoor media is the oldest means of communication. Advertising began around 3200 B.C. When Egyptians stenciled



inscriptions of the names of the kings on the temples being built. In fact, the history of outdoor media is as old as the history of advertising itself. Initially, outdoor media was used in the semi-urban and rural areas where the reach of the other media was negligible. However, today no advertisement campaign is complete without the support of outdoor media, even in major towns and cities.

Outdoor advertising is also called mural advertising. It includes posters, painted displays, neon signs, kiosks, electric displays, vehicular ads and so on.

Cinema/Film Advertising

Cinema advertising refers to advertising at cinema theatres. It takes the form of slides or short film of products that are screened at cinema houses. These are screened before the commencement of the movie shows or during the period of intermission. With a spurge in the number of multiplexes and the arrival of state-of-the-art movie screening technology, advertising in cinema houses has become an attractive option for advertisers. From almost nothing, national brands are now spending upto one per cent of their advertising budgets on cinema advertising.

Internet Advertising

Internet advertising can be defined as any form of communication between a consumer and a publisher, that incorporates advertisements by emails, search engine results pages, banners etc. The main goal of the Internet advertising is increasing sales that can be achieved by attracting more consumers with an access to the Internet. Another reason of using such advertising is to raise brand awareness by putting out information on exclusive features the brand possesses



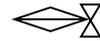
As any kind of advertising the Internet ads have the following goals:

- Building brand awareness that plays a huge role in marketing. Putting out some exclusive information the brand possesses which can make customers to buy products;
- Increasing sales by presenting products on brand websites. Nowadays it is an extremely easy way for purchasing goods just by clicking on it;
- Creating demand for products and then satisfying it.

Types of Online Advertising and Promotion

The Internet advertising is a technique that generates profits of producers promoting their products. Main types of the online advertising and promotion are the following.

- 1) Pay Per Click Advertising (PPC):** This type of advertising gives information about the number of users who ran through the publisher ads and means the necessity to pay only after clicking on it. Google Ad Words is maybe the most widely used system among marketers which is based on this method.
- 2) Social media advertising** is the next kind of online advertising that is commonly used. This can be widely seen at such famous social networks as Twitter, Facebook, Instagram, You Tube, WhatsApp, etc.,
- 3) Mobile advertising** is a way of advertising products with the help of mobile devices. This method can be quite effective for the reason of closeness to the consumer through the day that can reduce the ads delivery time.
- 4) Display advertising** is a form of the Internet advertising which consists of the following techniques:
 - Banner ads – a graphic image on a website with a catchy and concise information. Banners may



include some flash headers or videos in order to attract consumers;

- Text ads;
- Pop-ups and pop-under are ads that appear on the top or under the current web-page that a user views;
- Videos, flash etc.

5) E-mail advertising is a form of online advertising which involves receiving ads via electronic letters. Nowadays companies are likely to send mail with information on particular upcoming sales, new collections or events. The objectives of e-mail advertising are similar to other already mentioned types of advertising, among which are:

- (a)** Encouraging customer loyalty and respectfulness;
- (b)** Inducing clients to purchase goods by sending info on alluring sales etc.

6) Landing page is a distinct page on owner's website that is built for one particular conversion objective. The most common landing page is a Google Ad words landing page. This is a landing page that people "land on" after they click on a Google Search Ad. In the light of the Lean theory, landing page could be seen as a unique instrument to advertise products, to increase consumer stream in online sales and decrease waste. By gathering clicks on a simply built landing page it's possible to get information about consumers and their needs towards products. Generally speaking, there are few types of landing pages:

- (a) Click-through Page** – one of the simplest type of landing pages and main purpose of it is to "warm up" visitors towards a product and inform them about offer while getting them to "click-through";
- (b) Lead Capture Page** is more than just a click-through landing page as its intent is to gather personal data (name, email address, etc.) of



visitors by asking them to fill the client forms. It gives a possibility to build client databases;

- (c) **Pitch Page** helps to attract customers to a product by advertising the product and its features. The product pitch page showcases product and keeps the product in the center of attention;
- (d) Sales Page is a standalone page used to sell a products or services. So it's a well-developed page with high quality of visual presentation, mentioning of sale politics, terms, etc.

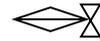
Mobile Advertising

The term mobile advertising refers to any form of advertising that appears on mobile devices such as smartphones and tablet computers. Companies advertise on these devices through text ads via SMS or through banner advertisements that appear embedded on a mobile website. They may also be found through downloaded apps including mobile games.

Types of Mobile Advertising

Mobile advertising can take a number of different forms. These include:

1. **Push notifications:** These are pop-ups that appear on a mobile device. These are delivered to consumers at any time. This means users don't actually have to be on an app in order to get a notification.
2. **Image text and banner ads:** Users who click on their ads are redirected to the advertiser's page by opening it up on a browser.
3. **Click-to-download ads:** When a consumer clicks on these ads, they will route them to the Google App or Apple App store. The destination depends on the consumer's operating system and device.
4. **Click-to-call ads:** Advertisers allow users to click on their ads in order to call them directly with their smartphones.



5. **Click-to-message ads:** A consumer who clicks on this type of ad is directed to contact the advertiser directly via SMS.
6. **Interstitial ads:** These are full-screen videos or graphics that are usually placed at app transition points. Have you ever observed an image or short video coming up when you watch videos or while playing games. These are interstitial mobile ads.
7. **Video ads:** Video advertising is a very powerful tool for any company that helps users when they are in the decision-making process. Interactive mobile video advertising delivers a complete visual experience, allowing the user to feel closer to the product or service in question.
8. **Native ads:** Native ads are similar to banner ads but are displayed within the app's natural environment so that they blend in with the flow and become less likely to be treated as advertisements.

Benefits of Mobile Advertising

1. **Large Audience:** Research suggests that as much as 79% of people always have their smartphones with them. Further, it is no surprise that most of us are always online via mobile devices, be it social media, online shopping, emails or something else. This makes for a huge potential customer base that brands can target.
2. **Low Cost:** Mobile advertising costs way lower than conventional channels such as TV or print media. There are a wide variety of types of mobile media that you can use to affordably connect with your brand.
3. **Easy Tracking:** With the advancement in technology, tracking the performance of your mobile advertising campaign is now very easy. It offers quick and complete analytics of data metrics such as impressions, click-through rate, likes, shares, audience demographics and much more.

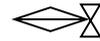


4. **Quick Response:** Since the target audience is almost always near to the devices, or watching the screens, response time is very quick. Either the ads will be acted upon or rejected in a miniscule time frame.
5. **Geo Targeting:** Once you have analyzed the received data and user demographics, it becomes very easy to selectively target that segment of your audience which is more likely to respond or engage in a particular advertisement.
6. **Higher Conversion Rates:** Thanks to the advanced targeting options, consumers receive ads that are of some benefit to them, hence, they are also more likely to respond to them and complete the call to action.

Social Media

The term social media refers to a computer-based technology that facilitates the sharing of ideas, thoughts, and information through virtual networks and communities. Social media is internet-based and gives users quick electronic communication of content, such as personal information, documents, videos, and photos. Users engage with social media via a computer, tablet, or smartphone via web-based software or applications. While social media is ubiquitous in America and Europe, Asian countries like Indonesia lead the list of social media usage. As of 2024, more than 5.35 billion people use social media globally, representing around 65% of the world's population.

Facebook is the largest social media platform in the world, with a clear advantage over other social media, though it has similar audiences to others like Twitter and Instagram. The figures for the most popular social media websites as of January 2024 are as follows:



1. Facebook (3,049 u million Users)
2. YouTube (2,491 million users)
3. WhatsApp (2,000 million users)
4. Facebook Messenger (2,000 million users)
5. Instagram (1.22 billion users)
6. QQ (617 million users)
7. Douyin (752 million users)
8. Sino Weibo (511 million users)

Impact of Social Media in Advertising

Promoting social media posts can help your business grow online presence and get more customers. Social media promotion is one of the most widely-utilized, flexible, and profitable forms of online advertising. Nearly 65 % of the world's population is on social platforms, and major networks continue growing exponentially. Social media for businesses opens a wide range of brand-building opportunities. It's a great resource to utilize in your marketing mix, however, marketers need to have a clear understanding of social media's advantages and limitations.

Pros

1. **Cost-Effectiveness:** Social media advertising can be fulfilled with any budget, as the cost is determined by clicks and impressions.
2. **Familiarity:** The social media platform that you should advertise on should be the one that is most popular among your target audience. It's important to spend time on that platform to fully understand and become familiar with it. Advertising on the platform that you and your audience are most familiar with will give you an advantage.
3. **Supporting Content:** You can reach or expand your audience through a selected type of content, such as



photos, videos, and website links. All kinds of multimedia will help make your messages more interesting and impactful.

4. **Targeting:** With plenty of demographic and psychographic targeting options available, you're in complete control of selecting a niche segment who sees your ad. In addition to age, gender, relationship to your business, even political affiliation, you can target interests, hobbies, personality types, homeowner status, and more. You can also use tools like hashtags and unique landing pages to make your ad more relevant which could lead to more profit.
5. **Build Brand Loyalty:** Social media gives a business an opportunity to be more personal with their consumers. Instead of pitching a product or service, social media allows marketers to communicate with consumers and foster long-term brand loyalty. It was found that 71% of customers that had positive experiences with a brand via social media recommended that company to others.
6. **Easy Metrics:** It's extremely easy to track engagement and reach on social media. Throughout your business platforms, you can see trends in likes, comments, Tweets, retweets, downloads, shares, and posts.

Cons

1. **High Competition:** Social media is crowded. According to Ad week, over 88% of companies have a social media presence. Thus, in order to compete effectively, you either should invest in quality content or hire a social media manager.
2. **Education:** There are no shortcuts to success, and being an effective social media manager requires effort and a lot of learning. Even if you are savvy with social media, there is still a lot to know about paid



advertising on social media— many details which, if you get wrong, can result in losing your audience or ruining your reputation.

3. **Constant Monitoring:** You can't run a social media campaign without constantly keeping an eye on it. To successfully engage with your clients, answer their feedback, and consistently post the type of digital content that will get you noticed, you will have to designate a significant portion of time each week to social media ad upkeep.



Unit - 4

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. Whereas 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.

Objectives of Sales Promotion

The basic objectives of sales promotion are:

1. **Launch a new product:** If you're going to expand and turn your small coffee shop into a bakery, you need to reach new market segments. You can attract new customers by offering a free cookie with each cup of coffee or suggest visitors set their own price once in a while.
2. **Attract new clients:** This objective should be your long- term goal since it allows your business to grow. Your potential clients are likely your competitors' customers, so analyzing their product and benefits, you can offer something more valuable.
3. **Stay competitive:** Researching and analysing your competitors will not only help you attract new clients but constantly improve your product and customer service.



4. **Make existing customers buy more:** It's always easier to make an existing customer buy more than attract new clients. Provide each client with a personalized approach it will help you build customer loyalty. As a result, clients will promote your brand organically.
5. **Sell during the off-season:** Goods like swimwear, boats, tents, air conditioners, refrigerators are definitely more popular in summer but you should consider special strategies to sell them throughout the year. Offer time- limited discounts, "1+1=3" campaigns, and other marketing tricks.
6. **Run clearance campaigns:** They're especially popular before summer and winter. As dealers need to make room for a new collection, they often run total clearance campaigns when users can buy goods from old collections at extremely reduced prices.

Features of a Successful Sales Promotion

- It must be cost effective, yielding maximum results.
- It should motivate the consumers to buy. It should promote a sense of urgency in the customers.
- Sales promotion offers should match the customer demands.
- Sales promotion should be straight, simple and customer friendly.
- It should have high visibility in the target market.
- Sales promotion should be 'honest'. Customers should not feel cheated.
- Sales promotion should fulfill all legal formalities before implementation.
- Implementation should be efficiently done.



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 undermine 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.

Advantages of Sales Promotion

Sales promotion has a significant effect on the behaviour of consumers and resellers. Such promotion can bring in more profits for the manufacturer because they permit price discrimination.

1. Sales promotion activities generally stimulate the purchasing activities of consumers.
2. Sales promotion devices get direct and immediate response as it is undertaken at the point of sale.



3. Sales promotions can be utilized to boost sales at any stage; new product Introduction stage, existing product improvement stage, old product sales improvement stage and so on.
4. Sales promotional activities help the organizations to increase sales in intense competitive situations.
5. Sales promotion necessarily supplements the personal selling and advertising activities undertaken by and organization.
6. The manufacturer with the help of sales promotion activities can easily achieve a rapid turnover of stocks.

Drawbacks of Sales Promotion

There are certain limitations of sales promotion and they may also produce negative effects. While sales promotion is a powerful and effective method to produce immediate, short-term positive results, it is not cure for a bad product, or bad advertising.

1. **Decrease in brand loyalty:** The major objective of many sales promotions is to encourage brand switching. This is especially true in case of low-involvement category products, or where there is little or no significance differentiation among brands and the unit value is low. Sales promotion announced by marketers thus counter the brand-image building efforts of competitor's brands, for which they develop expensive advertising campaigns. There is agreement among most managers that sales promotion expenditure have decreasing effect on brand-image and this lead to decreasing brand loyalty.
2. **Increased price sensitivity:** Frequently promoted brands in a product category, especially on the basis of price, make consumers and traders more price sensitive, not only for the promoted brand but for the brands as well in the same product category.



Consumers wait for the promotional deals to be announced and then purchase the product. This is true even for the brands where brand loyalty exists.

3. **Quality image may become tarnished:** If the promotions in a product category have been rare, or the product happens to be of high-involvement category, the promotions could have a negative effect about its quality image. Consumers may start suspecting that perhaps the product has not been selling well, the quality of the product is low compared to the price, or the product is likely to be discontinued because it has become out dated.
4. **Merchandising support from dealers is doubtful:** One of the trade promotion tools is to offer promotional allowances to trade people to motivate them to provide merchandising support and to pass on some benefit to consumers. This is generally the condition attached with such promotional allowances. In many cases the dealers do not cooperate in providing the merchandising support, nor do they pass on any benefit to consumers and in this practice India is no exception.
5. **Short-term orientation:** Sales promotions are generally for a short duration. This gives a boost to sales for a short period. This short-term orientation may sometimes have negative effect on long-term future of the organization. Heavy use of sales promotion, in certain product categories, may be responsible for causing brand quality-image dilution.

Types of Sales Promotion

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:

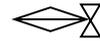


1. Types of sales promotion directed at consumers.
2. Types of sales promotion directed at dealers and distributors.

Consumer Sales Promotion

The consumer-oriented promotion tools are aimed at increasing the sales to existing consumers, and to attract new customers to the firms. It is also called as pull strategy. It includes the following: -

1. **Free samples:** Small units of free samples are delivered door to door, sent through direct mail, attached to another product, or given along with the purchase of some other product.
2. **Coupons:** This involves offering price reduction or saving to customers on the purchase of a specific product. The coupons may be mailed or enclosed along with other products, or inserted in a magazine or newspaper advertisement.
3. **Exchange scheme:** In this case, the customer exchanges the old product for a new one. This sales promotion tool is used by several companies for consumer durables.
4. **Discounts:** It refers to reduction in price on a particular item during a particular period. It is common during festival season or during off-season period.
5. **Premium offers:** These can be extra quantities of the same product at the regular price. For instance, Colgate offered 125g in a tube for the price of 100g.
6. **Personality promotions:** This type of promotion is used to attract the greater number of customers in a store and to promote sale of a particular item. For instance, a famous sports personality may be hired to provide autographs to customers visiting a sports shop.
7. **Installment sales:** In this case, consumers initially pay smaller amount of the price and the balance



amount in monthly installments over a period of time. For example, consumer durables such as refrigerators and cars are sold on installment basis

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.

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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 of 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.

- (e) **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 container may serve as a premium. A self-liquidating premium is an item sold below its normal retail price to consumers who request it.
- (f) **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 Sharukh Khan.
- (g) **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 travelled 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.
- (h) **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.
- (i) **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.

- (j) **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.
- (k) **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.
- (l) **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.

Benefits of Sales Promotion to Customers

Sales promotion is important for consumers because of the following reasons.

1. The consumer gets the product at a cheaper rate,



2. It gives financial benefit to the customers by way of providing prizes and sending them to visit different places,
3. The consumer gets all information about the quality, features and uses of different products,
4. Certain schemes like money back offer creates confidence in the mind of consumers about the quality of goods,
5. It helps to raise the standard of living of people. By exchanging their old items consumers can use latest items available in the market. Use of such goods improves their image in society

Trade Promotion

Trade-oriented sales promotion programmes are directed at the dealer network of the company to motivate them to sell more of the company's brand than other brands. It is also known as push strategy.

1. **Cash bonuses:** It can be in the form of one extra case for every five cases ordered, cash discounts or straight cash payments to encourage volume sales, product display, or in support of a price reduction to customers.
2. **Stock return:** Some firms take back partly or wholly the unsold stocks lying with the retailers, and distribute it to other dealers, where there is a demand for such stocks.
3. **Credit terms:** Special credit terms may provide to encourage bulk orders from retailers or dealers.
4. **Dealer conferences:** A firm may organize dealer conferences and thereby dealers can also provide valuable suggestions to the company at such conferences.
5. **Dealer trophies:** Some firms may institute a special trophy to the highest-performing dealer in a particular



period of time. Along with the trophy, the dealer may get a special gift such as a sponsored tour within or outside the country.

Objectives of Trade Promotion

More sales promotion rupees are directed to the trade than to consumers. Manufacturers seek the following objectives in awarding money to the trade:

1. Trade promotion can persuade the retailer or wholesaler to carry the brand.
2. Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.
3. Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.
4. Trade promotion can stimulate retailers and their sales clerks to push the product. Manufacturers use several promotion tools. Some of which are mentioned below:

Trade Promotion Tools

1. **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.
2. **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.



3. **Free Goods:** Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.
4. **Push Money:** Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer's goods.
5. **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.

Importance of Sales Promotion to Manufactures

Sales promotion is important for manufacturers because of the following reasons.

1. It helps to increase sales in a competitive market and thus, increases profits,
2. It helps to introduce new products in the market by drawing the attention of potential customers,
3. When a new product is introduced or there is a change of fashion or taste of consumers, existing stocks can be quickly disposed off,
4. It stabilizes sales volume by keeping its customers with them. In the age of competition, it is quite possible that a customer may change his/ her mind and try other brands. Various incentives under sales promotion schemes help to retain the customers.

Sales Promotion Schemes

Marketers employ a remarkable variety of sales promotion tools in marketing. A visit to your nearby supermarket will reveal numerous sales promotion schemes of various products, simultaneously vying for our attention. All these sales promotion schemes work on the principle that few people can resist a free gift, price reduction or special offer.



While sales promotion schemes may induce the buying habit or buying in large quantities to the exclusion of other brands, they can also induce frantic brand switching and the loss of brand loyalty.

The sales manager contemplating a sales promotion programme must bear in mind that a customer goes around a store scouting for the special offers, probably irrespective of brand. On the other hand, schemes widen consumer choice and encourage the consumers to make an experimental first-time purchase.

Important tools of Sales Promotion Schemes

- 1. Competitions:** Prize contests depend for success on the value or originality of the prize and the number of prizes offered, including the consolation prizes. The entry requirement can be proof of purchase such as a token or entry coupon detached from the pack, extra entries requiring extra purchases. To be legal, contests require an element of skill. Contests should be organized with adequate time for proper adjudication, and there should be publicized announcement of results.
- 2. Self-liquidating premium offers:** The meaning of the expression 'self-liquidating' is that cost of liquidating the premium is collected from the buyer. For example, the manufacturer of a bathing soap, may offer a 'soap box' at a very nominal price if the soap is purchased. The manufacturer may buy the soap box in very large quantities at an attractive rate and then may make an attractive offer to the consumers to stimulate sales.
- 3. Mail-in free offers:** A manufacturer offers to send an item free of cost, if a product is purchased (e.g., sending a pen free by mail for those who buy some stationery items). Here, no payment is required, only proof of purchase or perhaps a token payment to cover



postage and packing is required. Care should be taken to control demand and supply, and it is better to limit the offer in some way in view of huge financial implications of *free offers*.

4. **Free gifts with goods:** The gift is usually attached to the product, as with a toothbrush attached to a carton of toothpaste; Toys (carefully packed separately) may be inserted in packets of baby food.
5. **Picture cards:** Picture cards encourage repeat buying in order to retain them. They may be inserted in packs, or printed as cut-outs on cartons.
6. **Gift coupons:** Coupons, with a stated value is kept inside the packet. Again, these have to be collected in order to qualify for gifts, and so require repeat purchasing. A catalogue of gifts must be made available.
7. **Cash premium vouchers or coupons:** These can be redeemed at the retail shops as a price reduction. They may be printed in press advertisements, delivered door-to-door, or printed on packs as money off for the next purchase.
8. **Cross-Couponing offers and other schemes:** This is a popular co-operation scheme whereby an on-pack coupon or token enables the customer to buy another product (not necessarily made by the same manufacturer) at a reduced price.
9. **Coupon Redemption schemes:** This is fairly a recent on- pack idea, whereby a product carries a premium coupon entitling the customer to a discount at named store. This is liked by the store because the discount can lead to other purchases.
10. **Jumbo or multiple packs:** It signifies that a number of items are packed together or the container is extra-large, and they are offered at a special price. It is an economical way of, both packing and buying such



items, and ensures that the customer is well stocked with the products and may thus become a habit buyer.

11. Money-off offers: Money-off offers, are 'flushed', that is, printed on the wrapper or carton, a sure way of inducing impulse buying.

12. Packing: Another important attempt of sales promotion is through attractive package. Now-a-days customers are attracted by good and attractive packing of products. A good package is one which is attractive and protective, tells the product story, builds confidence, convenient to handle and above all economical. The economy and attractiveness of packing are two important areas which the sales promotion department should always keep in mind.

13. Direct Publicity — Sales Letters / Circulars: The sales promotion department takes all necessary steps to ensure that a better relationship exists between the sales department and the customers/dealers. In this regard, sales letters have got an important role. While drafting the sales letters and circulars, it should be kept in mind that a personal touch and some kind of intimacy is maintained. By doing so the manufacturer is not only able to attract old customers to renew their purchase but also able to attract new customers.



Unit – 5

SALES PROMOTION PLANNING AND CONTROL

The **Promotional Planning** is a process of optimizing the utilization of marketing tools, strategies, resources to promote a product and service with the intent to generate demand and meet the set objectives.

Promotional Planning Process

The Sales Promotional Planning Process is comprised of following steps:

PROMOTIONAL PLANNING PROCESS





Problem Definition

First of all, the management must identify the need for a promotion and should take into consideration the following points:

- Which Product/Service is to be promoted?
- Who is the target audience?
- How much budget is allocated for the promotional activities?
- What message is to be conveyed to the prospective buyers?
- What marketing strategies are to be adopted?
- Which analytical tool is to be used?

Establishment of detailed Objectives

The objectives are the end goals towards which all the efforts are directed. Once the target audience is identified the management must set the objectives of the promotion. The objectives could be to encourage the non-users to use the product, increase the usage of the existing customers, or enter into a new market segment with a modified product line. Similarly, the objectives for the intermediaries could be to increase the off- season sales or reduce the effect of competitor's promotional schemes. Similarly, the objectives for the intermediaries could be to increase the off-season sales or reduce the effect of competitor's promotional schemes.

Design of Promotion Mix

Once the objectives are set, these provide the basis for selecting an appropriate promotional tool (advertising, personal selling, sales promotion, etc.). The management must carefully analyze all the costs and effects associated with each marketing element before making the final choice.



The objectives and the target market should be kept in mind while designing the promotion mix. As, the promotional tools for educated, urban and institutional buyers would be different as compared to the illiterate, rural and household buyers.

Planning Sales Promotion Programme

This is the most crucial step of promotional planning that requires the management to decide the time duration of the promotion i.e. for how long the promotional tool is to be used. While deciding on the sales promotion plan the overall marketing budget along with the eligibility rules and size of incentives should be taken into the consideration.

Pre-Testing

Once the Sales Promotion Plan is prepared, it is tested in few selected market segments to identify the potentials or serious problems before its full launch. Here the management scrutinizes the cost effectiveness of the promotional plan, problems of ambiguity (if any), customer response rate, etc.

Implementation

After the promotional plan is tested in the few selected areas, it is ready to be launched in the complete market. Here the management must take care of two important time factors, Viz. Lead Time and Sell-in Time.

The lead time is the time necessary to bring the plan to the point where the incentives are made available to the public while; the sell-in time is the time starting from the date of the release until the time 90-95% of the incentives are received by the potential customers.



Monitoring and Evaluation

After implementation, the performance of the promotional plan is checked against the set standards and objectives and the corrective actions are taken accordingly. In case the objectives are defined in quantitative terms then the measurement of the actual results would be quite easy.

During the evaluation, the management must take care of all the factors that are beyond control such as economic recession, seasonal variations, natural calamity, etc. that might influence the buying decision of the customers.

Establishing Objectives of Sales Promotion

The sales promotion is established and derived from the basic business and marketing objectives. These can be established as under:

For Consumers: For consumers following types of objective can be established:

- To encourage bulk purchases through better offers.
- To carry out trails among non-users of products.
- To attract switchers from competitors.

For Retailers: Generally following types are objectives can be established for the retailers:

- To persuade retailers to carry new items.
- To encourage off-season buying.
- To encourage stocking of required products.
- To offset competitive promotions.
- To build up brand loyalty.
- To gain entry into new retail outlets.



For Sale People: It includes the following type of sales promotion objectives:

- To encourage support of a new product or models.
- To encourage and stimulate off-season sales.
- To encourage more sales prospects.

Selecting Consumers for Sales Promotion

It is basic form of sales promotion since customer is the final recipient of the product and services. It is done with a view of saving previous customers and increase in number of customers for the company's product. To reduce the effect of sales promotion strategy of the competitor, consumer sales promotion may be directed toward this aim.

To Introduce New Products

Many companies distribute free samples while introducing new products. The consumers after using these free samples may develop a taste for it and buy the products later for consumption.

Building Product Awareness

This medium is effective in exposing customers to products for the first time and can serve as key promotional components. To build the product awareness sales promotion techniques own advantage of capturing customer information while exposing promotion.

Creating Interest

Marketers realize that sales promotions are very potent in creating interest in a product. An appealing sales promotion can significantly increase customer traffic to retail outlets in the retail industry. One more way to create interest is allowing a customer to experience a product (products for free or at low cost).



Stimulating Demand

It can be done by lowering the cost of ownership to the customer. This helps in stimulating sales. Because building product awareness and convincing customer to purchase the product is important.

Reinforcing the Brand

After purchasing the product, mostly for additional purchase or to promote the sales. Many companies, including airlines and retail stores, reward good or preferred customers with special promotions (e.g., email special deals and surprise price reductions at the cash register).

The following are the basic reasons for sales promotions:

1. Introduction of a new product.
2. Stimulus for a new use of a product.
3. Encouragement for increasing frequency of purchase.
4. Appeal to a special area of the market.
5. Combination offer to encourage the use of other products.
6. Creation of dealer interest and inducing them to stock the articles.
7. Securing shelf space in the retail window.
8. Counter-balancing price competition.
9. Special training of salesmen.
10. Seasonal and grand reduction sales.
11. Capturing bargain hunting and non-brand conscious buyers through bargain sales.
12. Acceleration to slow-selling lines.

Thus, sales promotion is used at the time of introducing a new consumer product, to secure maximum dealer stocking, display space and attention of

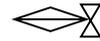


customers. Sales promotion involves a lot of expenditure. It also has difficulties. But because it pays rich dividends, sellers have accepted it as an important item in the marketing mix.

Not only does it give profit but it also serves other purposes such as provision of information, creation of demand, repeat buyers, sales stabilization and quick inventory turnover. The successful promotional effort has many ingredients such as personal selling, sales promotion devices, advertising, public relations and publicity.

Forms of Consumer Promotion or Sales Promotion:

1. **Coupons, offers, discount** – Specific discount is received by the consumer if he possesses specific coupon. Such offers attract more and more customers towards product which increases customer base.
2. **Free sample** – Many daily usable products are generally marketed with this technique. Many shampoo producers distribute free sachets with daily newspapers to catch attention and thereby boost sales.
3. **Refund offer** – Use our product and if unsatisfied with the result take your money back. It's the common practice now a day to offer money refund on certain products.
4. **After sales service** – Many consumer durable products are sold with extended warranty free of cost or with nominal charges. People attract toward this because they feel the risk is minimized with this extended warranty.
5. **Road shows/contests** – Road shows and contests are arranged with special intention of attracting new customers as a part of sales promotion.



Developing the Sales Promotion Program

In planning sales promotion programs marketers are increasingly blending several media into a total campaign concept. In deciding to use a particular incentive marketers have several factors to consider.

1. **Size:** They must determine the size of the incentive. A certain minimum is necessary if the promotion is to succeed. A higher incentive level will produce more sales response but at a diminishing rate.
2. **Conditions:** The marketing manager must establish conditions for participation. Incentives might be offered to every one or to select groups. A premium might be offered only to those who turn in proof of purchase seals or UPC codes.
3. **Duration:** The marketer has to decide on the duration of promotion. If the period is too short many prospects will not be able to take advantages of it. If the promotion runs too long the deal will lose some of its "act now" force.
4. **Distribution vehicle:** The marketer must choose a distribution vehicle. Fifteen cents off coupon can be distributed in the package in stores by mail or in advertising. Each distribution method involves a different level of reach cost and impact.
5. **Timing:** The marketing manager must establish the timing promotion. For example, brand managers develop calendar dates for annual promotions. These dates are used by the production, sales, and distribution departments.
6. **Sales Promotion Budgets:** The marketer must determine the total sales promotion budget. The budget can be built from the ground up with the marketer choosing the individual promotions and estimating their total cost. The cost of a particular promotion consists of the administrative cost



(printing, mailing and promotion the deal) and the incentive cost (cost of premium or cents off including redemption costs) multiplied by the expected number of units that will be sold on the deal.

Pre-testing of Sales Promotion Programme

The most of the sales promotion programme are designed on the basis of past experience.

The pre-test of the programme is carried out or conducted to know about the followings:

1. Whether the tools are appropriate.
2. Whether the size of the incentives is optimal.
3. Whether the presentation method is efficient.

The pre-test exercise of the programme can be carried out by asking the sampled consumers to rate or rank about the different types of deals. Such types of trials of the programme can be conducted in the limited geographical areas only.

Implementation and Control of Sales Promotion Programme

The marketers should prepare implementation and control programmes for every promotion strategy which should cover the following aspects:

(1) Lead Time: The lead time is prepared prior to launch the promotion programme. It must consider the following factors:

1. Initial Planning.
2. Program design.
3. Approval of distribution media, which consists of package, modification or mailing material.
4. Preparation of advertising materials.
5. Purchase and printing of special packaging materials.
6. Production advance inventories for the release at a specific date.



7. Final distribution to the trader.

Sell in Time

It begins with the launch of promotional programme and ends with the final merchandise in the hands of ultimate customers. Thus by taking all these factors into consideration the marketer should plan for the implementation and control of promotion programme.

Evaluation of Sales Promotion Programme

Evaluation of sales promotion programme is made to measure its effectiveness, and to ascertain the short comings, if any, so that improvements can be made in future. Producers spend considerable amounts on sales promotion activities by allocating a major portion of the marketing budget for sales promotion programme. But, it has been noticed that they spend very small amount and time to evaluate and finding out the achievements or the drawbacks, if any.

Need for Evaluation

Evaluation is the basic need for the success of any activity. Regular evaluation of sales promotion programme is necessary for its success.

The need for evaluating the sales promotion programme arises on accounts of the following reasons:

1. Taking corrective steps in case of any drawback is noticed.
2. To measure the effectiveness and achievements of objectives.
3. Identifying growth and development opportunities.
4. Facilitate for future planning.
5. To fix accountability on concerned authority.
6. To encourage for research and innovations.
7. Motivate and appraise the employees who have contributed more efforts.



8. To know the maturity of limit of sales promotion programme.
9. To study the new and modern tools of promotion.
10. To get allocated maximum budget for sales promotion.

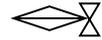
On the basis of evaluation results, if necessary efforts will be made to bring quicker the activities of the distributors, middlemen and retailers, and necessary guidance is given to the sales force also. Besides these, ineffective sales promotion techniques can be given up and new or the latest techniques can be adopted. Evaluation is also helpful to change the cost estimates, budget and coordinate efforts of communication medias, to frame more sound and profitable sales promotion programme.

It is also essential to fix accountability on the sales force, identification of growth opportunities, encouraging research, etc. In short, evaluation of sales promotion programme becomes the basis of future planning.

Methods Used for Evaluation of Results

The following methods can be used by a marketer to evaluate the results of programs implemented or launched:

1. **Sales Data Method:** This method is based upon the sales data, which can be collected from various sources. It can be analyzed on the basis of available data that the type of different people who took advantage of such programs. What they were purchasing before the promotion programme and how they are behaving after the launch of such promotional programs. It is also noted and analyzed that what net impact they observed after launching the promotion programme.



2. **Consumer Survey Method:** The consumer survey method can be used to evaluate the promotion programme. This method is used to know that how many customers recall the promotion programme. What they perceive about it. How many among those took an advantage of promotion. It can also be observed that how the promotion has influenced their behaviour in selecting a particular brand.
3. **Experimentation:** The sales promotion can also be analyzed with the help of experimentation method. For example, certain set of customers can be sent coupons to promote and evaluate their behaviour towards particular product. Further the scanner data can be used to know that whether this exercise led more customers to buy the product instantly or in future.

Thus the whole of the process should be evaluated very carefully. It will certainly be helpful to manage the things and can provide an effective feedback for the future course.